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Soil and Water Conservation Issues

Updated May 17, 2002

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Soil and Water Conservation Issues

SUMMARY

Conservation was a prominent topic as Congress debated the FY2002 farm bill, signed into law on May 13, 2002 (P.L. 107-171). Title II reauthorizes most existing conservation programs and enacts several new ones through FY2007. The Congressional Budget Office estimates that the new law provides \$17.1 billion in new mandatory budget authority (BA) above the April 2001 baseline over the next 10 years for conservation programs. These programs will thus receive more than 20% of the \$73.5 billion in additional BA allocated to agriculture under the FY2002 budget agreement.

Title II, as enacted, reflects numerous compromises between the very different House and Senate versions of the conservation title. In terms of funding, the House version was estimated to provide \$15.8 billion in new BA over 10 years while the Senate version was estimated to provide \$21.3 billion. In terms of new programs, Title II includes the Conservation Security Program, developed by Senate Agriculture Committee Chairman Harkin, which will provide payments to producers who apply conservation practices on working lands starting in FY2003. Some of the other new programs will retire grasslands, address surface and ground water conservation needs, address conservation issues in certain regions, allow approved third parties to supplement federal efforts to provide conservation assistance, and (in the forestry title) replace existing programs with a new assistance program. Compromises on expanding existing programs include: increasing funding for the Environmental Quality Incentives Program (growing from \$200 million annually up to \$1.3 billion in FY2007); increasing the enrollment ceilings in the Conservation Re-

serve Program (CRP) (growing from 36.4 million acres to 39.2 million acres) and the Wetlands Reserve Program (growing from 1,075,000 to 2,275,000 acres); and greatly increasing funding for the Farmland Protection Program (growing from a total of \$35 million up to \$125 million annually starting in FY2004) and the Wildlife Habitat Incentive Program (growing from a total of \$50 million up to \$85 million annually starting in FY2005).

Two agencies in the Department of Agriculture implement most of these programs, which are based on providing incentives to attract voluntary participants. The Natural Resources Conservation Service (NRCS) provides technical assistance and administers many of the smaller cost-sharing programs, and the Farm Service Agency (FSA) administers the most expensive program (the CRP) and emergency programs. Both agencies have been preparing to be able to proceed quickly with implementation.

As both agencies implemented the last farm bill, enacted in 1996, controversy occurred when the Administration's interpretation of the law's intent differed from that of interested Members of Congress, especially in implementing the Environmental Quality Incentives Program. Both agriculture committees held oversight hearings. If similar controversies occur over implementation of this farm bill, and this seems possible since the Bush Administration played a relatively passive role in developing the farm bill, a similar congressional response can be anticipated.

MOST RECENT DEVELOPMENTS

President Bush signed the farm bill into law on May 13, 2002 (P.L. 107-171, H.R. 2646). The bill, titled the Farm Security and Rural Investment Act of 2002, authorizes most conservation programs through FY2007 in Title II, and authorizes more than \$17 billion over 10 years in new budget authority for mandatory spending on these programs. It combines provisions passed by the House and by the Senate. It adds some new programs and greatly expanded funding for most existing programs.

The House had passed H.R. 2646, on October 5, 2001. It would have authorized most programs through FY2011, providing almost \$15.8 billion in new budget authority, with most of the added money going to the Environmental Quality Incentives Program. The Senate had passed an amended version of H.R. 2646 on February 13, 2002. It would have authorized most programs through FY2006, providing \$11.8 billion (and about \$21.3 billion if the policies were to remain in place, unchanged, over 10 years). It included Chairman Harkin's Conservation Security Program and many other new programs that were not in the House bill. Like the House bill, it would have reauthorized many current programs, but generally at annual funding levels that were higher than the House bill.

All interested parties including Congress are now focusing on the implementation process. Some implementation issues may become contentious if agencies at USDA proceed in ways that are at odds with congressional or interest group expectations.

Congress has started to consider the FY2003 funding request for discretionary funding from the Administration. Discretionary funding accounts for between \$1.25 billion and \$1.5 billion of USDA conservation funding. Hearings have been held, and no further action has been taken.

BACKGROUND AND ANALYSIS

Evolution of Federal Resource Conservation Issues

Conservation of soil and water resources has been a public policy issue for more than 60 years, an issue repeatedly recast as new problems have emerged or old problems have resurfaced. Two themes involving farmland productivity dominated the debate until 1985. One was to reduce the high levels of soil erosion, and the other was to provide water to agriculture in quantities and quality that enhance farm production.

Congress responded repeatedly to these themes by creating new programs or revising existing ones. These programs that were designed to benefit the farmer and agriculture by resolving resource problems on the farm. These programs combined voluntary participation with technical, educational, and financial assistance incentives. By the early 1980s, however, concern was growing, especially among environmentalists, that these programs were inadequate in dealing with environmental problems caused by agricultural activities (especially off the farm), even those caused by widely accepted practices. Publicized

instances of significant problems, especially soil erosion rates said to rival the dust bowl era, increased awareness and intensified the policy debate.

Congress responded, in a watershed event, by enacting four major new conservation programs in the conservation title of the 1985 Food Security Act. One of these programs, the Conservation Reserve (CRP), greatly increased the federal financial commitment to conservation and targeted federal funds at some of the most severe problems. The other three, sodbuster, conservation compliance, and swampbuster, created a new approach to conservation, which halted access to many federal farm program benefits to producers who did not meet conservation program requirements.

Conservation provisions enacted in the next farm bill, in 1990, reflected a rapid evolution of the conservation agenda. This evolution reflects the growing influence of environmentalists and other non-agricultural interests in the formulation of agricultural policy, and a recognition that agriculture was not treated like other business sectors in many environmental laws. Congress expanded this agenda to address groundwater pollution, water quality, and sustainable agriculture, and allowed for the use of easements, as well as amending existing programs. Amendments to the CRP reflect these changes; its earlier focus on highly erodible land was expanded to include other environmental concerns.

Prior to the Republican congressional takeover in 1994, conservation policy discussions centered on: (1) how to build from conservation initiatives enacted in previous farm bills; (2) how to secure more dependable funding for programs at a time when reducing the federal deficit was a major priority; and (3) how to incorporate new concepts for resource management at scales larger than individual farms, called landscapes, watersheds or ecosystems. The takeover shifted the focus to identifying ways to make the conservation compliance and swampbuster programs less intrusive on farmer activities. Moreover, environmental interests initially played a diminished role in developing conservation policy. After President Clinton vetoed the initial farm bill that Congress had attached to the omnibus reconciliation legislation in December 1995, Congress quickly passed a free-standing farm bill early in 1996. The Senate Agriculture Committee staff drafted the conservation title, which greatly expanded on the vetoed legislation. The enacted bill restored much of the environmental focus that had been left out of earlier versions, with considerable attention to wildlife. (For an overview of conservation provisions in the 1996 farm bill, see CRS Report 96-330, *Conservation Provisions in the Farm Bill: A Summary*.)

The role of conservation has continued to evolve since 1996, challenging existing programs and agencies. A result of this evolution was that the conservation debate for the 2002 farm bill was framed in terms of: (1) increasing funding; (2) creating new programs and addressing new issues; (3) providing more programs for land that is in production; and (4) using funding for conservation programs to meet world trade obligations. Increased funding was a dominant theme; at committee hearings, witnesses suggested that total annual conservation funding, discretionary and mandatory, should grow from more than \$3 billion to between \$6 billion and more than \$10 billion. Enacting new conservation programs to address emerging problems has generally been at the center of recent farm bills, but this debate focused on increasing funding and amending existing programs, so new topics like carbon sequestration received little attention. Nonetheless, the bill also includes new programs, of which the largest is the Conservation Security Program. Other new programs will retire grasslands, promote water conservation and quality, and increase conservation

activity for certain regions or resources. Finally, conservation programs are widely viewed as meeting world trade obligations, or to be in the “green box”, but only if eligibility for payments is based on fulfilling conservation requirements, and is limited to the costs of complying with these requirements. USDA will make these determinations in the future.

Specific conservation provisions enacted in Title II of the farm bill are discussed below for old programs; new programs are presented at the end of this section. These entries will be updated to identify implementation activities. (Other provisions that could be considered to be a part of conservation or could affect the conservation effort can be found in many titles, especially those addressing research, forestry, and energy.) For detailed information about the conservation provisions in the House and Senate farm bill proposals, including funding and cost estimates, see CRS Report RL31255, *Resource Conservation Title: Comparison of Current Law with House and Senate Farm Bills*.

In this farm bill, the Administration had limited formal involvement in the development of specific provisions. It released a set of principles for the farm bill on September 19, 2001. It drew on these principles when it issued an Administration policy letter on October 3, 2001 that was critical of aspects of H.R. 2646 and a letter on December 4, 2001, that was critical of aspects of S. 1731, the farm bill reported by the Senate Agriculture Committee. Throughout the debate, it stated that it would not submit legislative proposals. Principles it sought for conservation included:

- Sustain past environmental gains;
- Accommodate new and emerging environmental concerns;
- Design and adopt a portfolio approach to conservation policies;
- Reaffirm market-oriented policies;
- Ensure compatibility of conservation and trade policies;
- Coordinate conservation and farm policies; and
- Recognize the importance of collaboration with conservation partners.

Current Major Conservation Activities

USDA’s conservation effort, while diverse, centers on implementing the Conservation Reserve Program (CRP), the Environmental Quality Incentives Program, compliance programs, and wetland protection programs. As the new farm bill is implemented, the mix of programs and conservation activity will change. By FY2007, the overall size of the conservation effort will be much larger and program emphasis may move further away from traditional row crop production as more of the effort centers on other aspects of natural resource protection and enhancement. Most conservation programs will continue to be administered by the Natural Resources Conservation Service (NRCS), which provides technical assistance to producers and administers most of the programs, and by the Farm Service Agency (FSA) which administers the CRP and one emergency conservation program.

Conservation Reserve Program (CRP)

Under the CRP, enacted in 1985, producers can bid to enroll highly erodible or environmentally sensitive lands into the reserve during signup periods, retiring it from production for 10 years (or longer under limited circumstances). Successful bidders receive

annual rental payments, and cost-sharing and technical assistance. Enrollment was limited to 36.4 million acres, and to 25% of the crop land in a county. The FY2003 budget submission notes that about 35.1 million acres were enrolled on November 1, 2001. About 135 counties, concentrated in the high plains, have reached the county enrollment limit. Funding is mandatory spending.

During the twelve signups held between 1986 and 1992, 36.4 million acres were enrolled. (Congress did not appropriate funds to enroll additional lands from FY1992 through FY1996.) USDA estimates that the average erosion rate on enrolled acres was reduced from 21 to less than 2 tons per acre per year. Retiring these lands also expanded wildlife habitat, enhanced water quality, and restored soil quality. The annual value of these benefits has been estimated from less than \$1 billion to more than \$1.5 billion; some estimates exceed annual program costs, especially in areas of heavy participation. However, the General Accounting Office and others have criticized the potentially ephemeral nature of these benefits, which may not be retained after contracts expire. Currently, annual CRP expenditures are about \$1.5 billion, close to half of all USDA conservation expenditures.

The Department held one open enrollment period each year between FY1997 and FY2000. The FY1997 signup (the 15th) was large because contracts on approximately 21.4 million acres were set to expire. Bids were offered to enroll more than 23 million acres and accepted on 16.6 million acres (including 11.7 million acres that had been enrolled). Subsequent signups have been smaller. The FY1998 signup (the 16th) enrolled 5.9 million acres; the FY1998 signup (the 18th) enrolled almost 5 million acres; and the most recent signup (the 20th) enrolled 2.3 million acres. USDA has not offered another opportunity to enroll land (farmers with expiring contracts would have the option of extending them for one year). USDA took this action because relatively few contracts are ending.

USDA set aside 4.2 million acres within the 36.4 million acre cap to enroll land in two ways outside the open enrollment periods. One of those ways allows continuous signup for individuals who wish to enroll portions of fields with particularly high environmental values. FSA reported that through February 2002 almost 1.95 million acres have been enrolled, with almost 32% of these acres in Iowa and Illinois. The conservation practice that has received the most attention is buffer strips along water bodies. NRCS started an initiative in 1997 to enroll 2 million miles of buffer strips by 2002; it estimates that over 750,000 miles have been enrolled. In April 2000, the Department announced three new incentives to attract more participation: paying signing bonuses; increasing cost-share payments for cover crops and making maintenance payments on buffers; and increasing payments on pasture. It estimated these payments could total up to \$350 million over 3 years.

The second way is a state-initiated enhancement program, under which higher rents are paid to attract eligible land. Maryland, the first state to be approved for this program in October 1997, is trying to enroll 100,000 acres of stream buffers, restored wetlands, and highly erodible lands along streams in a portion of the Chesapeake Bay Watershed. (Before this program, less than 20,000 acres had been enrolled, and more than 37,000 acres have been enrolled under this option. The Maryland program will cost \$195 million, of which \$170 million is federal money. A total of 21 states have approved enhancement programs, and five additional states have submitted proposals. FSA data show that almost 310,000 acres had been enrolled under this option through February 2002, and more than 30% of those acres are in Illinois.

A third way to enroll land outside the general enrollment periods was created when Congress authorized a new pilot program to enroll up to 500,000 acres of farmable wetlands in six upper Midwestern states in Title XI of the FY2001 Agriculture Appropriations legislation. USDA offers signup bonuses as an incentive to participate. Signup for this option started in June, 2001, and results are limited.

NRCS provides technical assistance in support of CRP, but the 1996 farm bill placed a cap on the portion of program funding from the CCC that can be used to reimburse agencies for services provided to deliver CCC programs. These funds have been insufficient to pay all related technical assistance costs in recent years, and in FY1999, NRCS briefly suspended CRP-related activities. The FY1999 Supplemental Appropriations (P.L. 106-31) and FY2001 Agriculture Appropriations (P.L. 106-387) provided additional funds.

A new CRP concern was raised in March 2000 when the Sixth U.S. Circuit Court of Appeals reversed a 1996 federal tax court ruling and required that farmers must pay a 15.3% self-employment tax on CRP payments. Program supporters fear the ruling could have a chilling effect on participation. Legislation to overturn the ruling has been reintroduced, but as tax legislation, it would not be considered by the agriculture committees and was not considered in the farm bill. (For more information on this issue, see CRS Report RS20564, *Conservation Reserve Payments and Self-Employment Taxes*, and for CRP generally, see CRS Report 97-673, *Conservation Reserve Program: Status and Current Issues*.)

Section 2101 of the 2002 farm bill reauthorizes the CRP through FY2007 and raises the enrollment cap to 39.2 million acres. Also, only land that was cropped 4 of 6 years preceding enactment will be eligible, thus making it more difficult to cultivate land primarily to gain access to the program. It makes the pilot program for farmable wetlands a national program, with an enrollment ceiling of 1 million acres. Some economic uses of enrolled lands will be permitted, including managed haying and grazing, and construction of wind turbines, with a reduction in annual rental payments.

Conservation Compliance and Sodbuster

Under sodbuster provisions, established in the 1985 farm bill, producers who cultivate highly erodible land (HEL) not cultivated between 1981 and 1985 are ineligible for most major farm program benefits, including price supports and related payments. These benefits are lost for all the land the farmer operates, not just for the HEL. A smaller penalty can be imposed on producers once every 5 years if circumstances warrant. Producers who cultivate highly erodible land using an approved conservation plan are not subject to these provisions. The 1996 farm bill revised these provisions in ways that increased producer flexibility.

Under conservation compliance, also established in the 1985 farm bill, producers who cultivate HEL lose the same program benefits as sodbusters unless they obtained an approved conservation plan by 1990 and had fully implemented it by the end of 1994. As under sodbuster, benefits are lost for all the land the non-complying farmer operates, and graduated penalties are available once every 5 years. Any person who had HEL enrolled in the CRP has 2 years after his contract expires to be fully in compliance (or longer if the Secretary determines that 2 years is not feasible).

According to 1997 data compiled by NRCS, producers were actively applying plans on more than 97% of the tracts of land that were reviewed. NRCS estimates that soil erosion on these acres is being reduced from an average of 17 tons per year to 6 tons per year. More generally, a 1997 national survey of erosion rates taken by NRCS, showed that cropland erosion totaled about 1.9 billion tons per year. This decline in the annual rate of almost 1.4 billion tons from the 1982 survey is attributed mostly to the compliance and CRP programs.

Critics, primarily from the environmental community, have contended that USDA staff has not vigorously enforced conservation requirements. The Inspector General and the U.S. General Accounting Office also have been critical of the implementation effort. Others, primarily from the agriculture community, have countered that the Department has been too vigorous, and, especially in the early years, and was inconsistent in its enforcement from state to state. Many of the agriculture community concerns were addressed in the 1996 farm act. (For more background on the compliance programs, see CRS Report 96-648, *Conservation Compliance for Agriculture: Status and Policy Issues.*)

Section 2002 of the 2002 farm bill makes some technical changes to conservation compliance and also prohibits the delegation of authority to other parties to make highly erodible land determinations.

Wetlands and Agriculture

Swampbuster and the Wetlands Reserve Program (WRP) are the main agricultural wetland protection programs. Under swampbuster, farmers who convert wetlands to produce crops lose the same federal farm program benefits as would be lost under conservation compliance or sodbuster until the wetland is restored. Swampbuster includes four major exemptions, and also allows a partial penalty once every 10 years. Provisions enacted in the 1996 farm bill generally gave producers and USDA greater flexibility under swampbuster.

Swampbuster has been controversial since it was first enacted. Some from the farm community view wetland protection efforts on agricultural lands as too extensive or overzealous. They observe that it sometimes protects sites that appear to provide few of the values attributed to wetlands. A portion of this group also view these efforts as an unacceptable intrusion of government into the rights of private property owners, or “takings.” Environmental and other groups counter that the swampbuster program has been enforced weakly and inconsistently, with few violators losing farm program benefits. Controversies also arise over inconsistencies, such as when adjoining states use different interpretations of rules based on their physical settings that lead to different determinations. Such a controversy arose in 1999 between South Dakota and Minnesota.

Some concerns raised by the agricultural community were thought to have been addressed when a Memorandum of Agreement (MOA) making NRCS responsible for all federal wetland determinations on agricultural lands under swampbuster and the Clean Water Act’s §404 Program was signed by NRCS, the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service, and the U.S. Environmental Protection Agency (EPA) on January 6, 1994. But aspects of implementation have proven controversial. The signatory agencies attempted to revise the MOA to reflect changes in the 1996 farm bill; this revision process was difficult, and has never been completed.

A new issue for agriculture was raised when the Supreme Court determined, in *Solid Waste Agency of Northern Cook County (SWANCC) v. U.S. Army Corps of Engineers* (January, 2001) that the §404 wetland permit program should not apply to “isolated waters.” One result is that an estimated 8 million acres of agricultural wetlands that had been subject to both the §404 program and swampbuster will now be subject only to swampbuster. For more information on this decision, see CRS Report RL30849, *The Supreme Court Addresses Corps of Engineers Jurisdiction Over “Isolated Waters”: The SWANCC Decision.*)

The second wetlands program, the WRP, was established in the 1990 farm bill. It uses easements to protect farmed wetlands. The Department had chosen to use only permanent easements prior to 1996, when Congress authorized temporary easements and long-term agreement options, and instructed that the three options be used equally. Enrollment has reached the cap of 1,075,000 acres. The Secretary is permitted to delegate the administration of easements to other federal or state agencies that have the necessary expertise. Since funding was made mandatory in the 1996 farm bill, appropriators have limited enrollment most years by placing limits on available staff. In addition to the annual appropriations, emergency funding was provided to enroll lands flooded in 1993 in the upper Midwest. November 2001 data show that almost 1,075,000 acres have been enrolled, and almost 35% of that total is in 3 states: Louisiana, Mississippi, and Arkansas. Permanent easements account for almost 90% of the total. (For more information about wetlands, see CRS Issue Brief IB97014, *Wetland Issues*, updated regularly.)

Section 2002 of the 2002 farm bill makes some technical changes in swampbuster and prohibits the delegation of authority to other parties to make wetland determinations. Section 2201 amends the WRP to reauthorize the program through FY2007 and increases the enrollment ceiling to 2,275,000 acres, while limiting enrollment to 250,000 acres per year. It eliminates the requirement to enroll land equally using permanent easements, temporary easements, and long-term agreements.

Cost-Sharing Assistance

Over the past several decades, Congress has enacted cost-sharing programs that provide financial incentives to induce farmers to participate in conservation efforts. These programs pay a portion of the cost of installing or constructing approved conservation practices. Before 1996, the largest of these programs, by far, had been the Agricultural Conservation Program (ACP), administered by the FSA and funded at between \$175 and \$200 million annually during the two decades preceding the early 1990s. In FY1995 and FY1996, Congress reduced funding for ACP and other cost-sharing programs to reduce the federal budget deficit. In 1994, Congress moved administration of almost all the cost-sharing programs, except the ACP, from FSA to NRCS.

The 1996 farm act replaced the ACP and three smaller cost-sharing programs with EQIP. EQIP is a mandatory spending program which supports structural, vegetative, and land management practices. Annual funding was authorized at \$200 million, and half the funding was to address the needs of livestock producers. A plan is required to participate. Each contract was limited to \$10,000 annually and to \$50,000 in total. Contracts were 5 to 10 years in length. Large livestock operations, defined in regulations by USDA, were ineligible for contracts to construct animal waste management facilities. The law required

USDA to designate priority areas for more concentrated attention; USDA allocated at least 65% of the funding to these areas, which were designated within each state.

Interest has far exceeded available funds. For FY2000, for example, NRCS received about 54,000 applications requesting \$402 million, but was only able to sign 16,000 contracts, with a total cost of almost \$177 million. These contracts are providing \$140 million in financial assistance, \$33 million in technical assistance and almost \$4 million in educational assistance. The Clinton Administration repeatedly sought higher funding levels (but did not submit the needed authorizing legislation). Congress rejected these proposals and usually limited funding to less than \$200 million, except for FY2001, when it provided full funding in omnibus appropriations legislation (P.L. 106-554). (For further information on the early implementation of EQIP, see CRS Report 97-616, *Environmental Quality Incentives Program (EQIP): Status and Issues*, last updated March 2, 1998.)

Section 2301 of the 2002 farm bill reauthorizes EQIP through FY2007. It gradually increases annual funding from \$200 million currently to \$1.3 billion in FY2007. It eliminates the use of priority areas. Funds will be spent in the first year of a contract, rather than having to wait until the year after the date of enrollment. The large livestock operation funding prohibition for animal waste management facilities is eliminated. The total of all EQIP payments, combined, are limited to \$450,000 per producer or entity through FY2007. Contracts can now be as short as 1 year. Producers who prepare comprehensive nutrient management plans are eligible for incentive payments, and producers receiving funding for animal waste manure systems must have these plans. Cost share assistance will be higher for beginning and limited resource producers than for other producers. The Department can use a portion of EQIP funds in FY2003 through FY2006 for innovative grants, such as fostering markets for nutrient trading, and additional funds, starting at \$25 million in FY2002 and growing to \$60 million in FY2004, are provided for a new ground and surface water conservation program within EQIP. Of these funds, \$50 million are earmarked for the Klamath River basin and are to be provided as soon as possible.

Selected Other Conservation Activities

Conservation includes many additional activities and programs. The list below does not include programs the numerous programs that have been authorized but are not being implemented. Also, it only includes conservation activities in USDA that are administered by NRCS and FSA. Several other agencies also make significant contributions to the conservation effort; for example, the Agricultural Research Service conducts research on numerous conservation topics; the Economic Research Service provides analysis of many conservation topics and played a major role in developing the Environmental Benefits Index, used to compare CRP bids; and the Forest Service conducts research on forest and tree topics and administers programs to enhance timber stands on private lands.

Conservation Technical Assistance (CTA). NRCS provides technical assistance on a voluntary basis to conserve and improve natural resources. Technical assistance is a component of most conservation programs, and the cost of providing it has amounted to just under \$1 billion annually in recent years, according to the NRCS. Almost two thirds of this funding is found in Conservation Operations. NRCS characterizes technical assistance as the “intellectual capital” of the agency, allowing it to combine its scientific and technical expertise with knowledge of local conditions.

Section 2701 of the 2002 farm bill provides that funding for technical assistance in support of each mandatory program come from the funding provided by the CCC for that program. A separate subsection authorizes the Secretary to establish a program to certify third parties to provide technical assistance.

Watershed Programs. NRCS has worked with local sponsors under several authorities to construct more than 10,500 structures. Benefits from these structures may include flood prevention, watershed protection, erosion and sediment control, water supply, water quality, recreation, habitat enhancement, or wetland creation or restoration.

A rehabilitation program for aging small watershed structures, authorizing appropriations of up to \$90 million over 5 years was enacted late in the Small Watershed Rehabilitation Amendments of 2000 (§313 of P.L. 106-472). The law permits federal funds to pay for 65% of rehabilitation projects, with the remainder coming from local sponsors, and requires that projects meet National Environmental Policy Act requirements. NRCS released a status report in June, 2000.

Section 2505 of the 2002 farm bill authorizes mandatory funding for the rehabilitation program, rising from \$45 million in FY2003 to \$65 million in FY2007, and authorizes additional appropriations, rising from \$45 million in FY2003 \$85 million in FY2007.

Resource Conservation and Development (RC&D). RC&D provides a framework for local interests to work together to improve the economy, environment, and living standard in multi-county areas through RC&D Councils. USDA provides technical and financial assistance to councils and helps them secure funding and services from other sources. NRCS states that 348 areas encompassing more than 75% of the country have been designated, and additional requests are pending.

Section 2504 of the 2002 farm bill permanently reauthorizes the program, and makes numerous technical amendments.

Farmland Protection Program(FPP). The 1996 farm bill authorized USDA to assist state and local governments to acquire easements to limit conversion of agricultural lands to nonagricultural uses. The program was allocated \$35 million from the CCC to protect between 170,000 and 340,000 acres of farmland. Eligible lands must be subject to a pending offer. From FY1996 through FY1998, \$33.5 million was obligated in 19 states to place easements on 127,000 acres on 460 farms with an estimated easement value of \$230 million. Congress provided an additional \$17.5 million in FY2001. The 2001 legislation also made certain private nonprofit organizations eligible to compete with state and local governments for these funds. These funds were used to protect about 28,000 acres in 28 states. Demand to participate greatly exceeds available funds.

Section 2503 of the 2002 farm bill increases annual mandatory funding from \$50 million in FY2002 to a high of \$125 million in FY2004 and FY2005. The definition of eligible land is expanded to include rangeland, pastureland, grassland, certain forest land, and land containing historic or archeological resources. The program will be subject to conservation compliance. Certain private nonprofit organizations can participate. It also authorizes appropriations for grants to carry out new farm viability programs.

Forest Incentive Program (FIP). FIP, a line item in the NRCS budget, provides technical and financial assistance to help landowners install practices such as tree planting and timber stand improvement on non-industrial private forest lands. While forestry and farm conservation issues can be closely related, all other programs for forests on private lands are administered by the Forest Service. (For more information on FIP and related programs, see CRS Report RL31065, *Forestry Assistance Programs*.)

Section 8002 of the 2002 farm bill eliminates FIP and the Stewardship Incentive Program, replacing them with a new Forest Land Enhancement Program, to be funded with a total of \$100 million in mandatory funding between the date of enactment and the end of FY2007. The new program reportedly will be administered by the Forest Service.

Wildlife Habitat Incentives Program (WHIP). WHIP, authorized in 1996, used \$50 million from mandatory funds allocated to the CRP to provide cost sharing and technical assistance for conservation practices that primarily benefit wildlife. The FY1998 appropriations obligated \$30 million, and the remaining \$20 million was obligated in FY1999. More recently, Congress provided additional conservation funding for FY2001, and the Department allocated \$12.5 million to WHIP.

Section 2502 of the 2002 farm bill provides \$15 million in FY2002, growing to \$85 million in FY2005 and thereafter. It provides that up to 15% of the funding each year can be used for higher cost sharing payments to producers whom protect and restore essential plant and animal habitat under agreements of 15 years or longer. It makes WHIP subject to conservation compliance requirements.

Emergency Programs. The Emergency Watershed Program (EWP) is administered by the NRCS and the Emergency Conservation Program (ECP) is administered by the FSA. The EWP provides technical and cost sharing assistance for projects that restore land after flooding and protect it from future damage. The ECP provides cost-sharing and technical assistance to rehabilitate farmland damaged by natural disasters, and to carry out emergency water conservation measures during severe drought.

The 2002 farm bill does not amend emergency conservation programs.

Water Quality Programs and Initiatives. Groundwater and nonpoint pollution have emerged as major issues for conservation policy as more instances of contamination in which agricultural sources play major roles have been identified. Specific instances that drive public interest and concern range from a very large hog farm waste spill in North Carolina to the outbreak *Pfiesteria* and fish kills in portions of the Chesapeake Bay and a large “dead zone” in the central Gulf of Mexico. Questions are being raised about the extent of the problems, the severity of the potential threat to human health, the adequacy of government programs, and the contribution of agriculture. In some cases, contamination may have resulted even though producers followed accepted agricultural practices, and did not commit illegal acts. Current conservation programs that are used to address water quality concerns center on the EQIP program, plus both the Enhancement Program (CREP) and the continuous enrollment option under CRP.

NRCS released proposed revisions to its nutrient management policy, which are designed to help the farm community more effectively address these topics, on June 30,

1998. USDA and EPA released a “unified national strategy for animal feeding operations.” on March 9, 1999. Elements in the strategy are controversial because it would greatly expand the number of animal operations at which nutrient management plans would be required. In early August 1999, EPA released a long-awaited draft plan for issuing Clean Water Act permits, which is required under court order. Large operators will be required to develop comprehensive nutrient management plans while smaller operators will be encouraged to develop them. The comment period on the proposed rule was extended. Because of the court order, EPA must release the final rule by December 15, 2002.

Limiting total maximum daily loadings (TMDLs) is another approach to cleaning polluted waterways authorized under the Clean Water Act. Congress included a rider in H.R. 4425, the FY2001 Military Construction and FY2000 Urgent Supplemental Appropriations bill, prohibiting EPA from using FY2000 or FY2001 funds to implement the TMDL proposal the Clinton Administration had announced in August, 1999. It responded to the rider by issuing a revised rule delaying the effective date of the program until October 31, 2001. (For more information, see CRS Report RL30437, *Water Quality Initiatives and Agriculture*.)

The 2002 farm bill could address these topics through existing programs, such as EQIP, discussed above, and also through the new programs listed below, including:

- The Conservation Security Program, in Section 2001, which could be used to address water quality problems, especially nutrient management;
- the Ground and Surface Water Conservation Program enacted in Section 2301 as part of EQIP (discussed above);
- the Small Watershed Rehabilitation Program enacted in Section 2505 (discussed above);
- the Agricultural Management Assistance Program reauthorized in Section 2501 that provides \$10 million annually to 15 states for conservation;
- a new program for the Great Lakes Basin states enacted in Section 2502;
- a new Grassroots Source Water Protection Program, also enacted in Section 2502; and
- a new demonstration program for the Delmarva Peninsula enacted in Sections 2601-2604.

Private Grazing Lands Program. A voluntary coordinated technical and educational assistance program was enacted in the 1996 farm bill to maintain and improve resource conditions on private grazing lands. Appropriations were authorized at \$20 million in FY1996, \$40 million in FY1997, and \$60 million annually thereafter. Appropriators have not established a separate line item, but continue to earmark a portion of NRCS’s Conservation Operations funds for this effort annually, providing \$21.5 million for FY2002.

Section 2502 of the 2002 farm bill reauthorizes the program through FY2007 with appropriations of \$60 million annually, and makes it subject to conservation compliance. Section 2401 of the 2002 farm bill authorizes a new Grasslands Reserve Program to retire 2 million acres under arrangements ranging from 10-year agreements to permanent easements, permits the delegation of easements to certain private organizations and state agencies, and provides up to \$254 million in mandatory funding.

Air Quality Activities. The 1996 farm bill created an interagency air quality task force in USDA. The task force represented USDA on scientific topics such as EPA’s

proposals to revise National Ambient Air Quality Standards for ground-level ozone and two sizes of particulates in 1997. Cooperation grew after USDA and EPA signed a Memorandum of Agreement in January 1998. More recently, federal agencies have been discussing how agricultural practices and programs affect global warming, especially by sequestering carbon. (For more information, see CRS Report 97-670, *Agriculture and EPA's Proposed Air Quality Standards for Ozone and Particulates*.)

The 2002 farm bill does not amend air quality provisions in the conservation title.

Research and Technical Activities. Many agencies in USDA conduct research and provide technical support. NRCS, for example, provides basic data about resource conditions and characteristics through the soil and snow surveys and periodic surveys through the National Resources Inventory. It also does applied research through the plant material and technical centers.

Section 2005 of the 2002 farm bill requires the Secretary to submit a report, with implementing recommendations, about how to better coordinate and consolidate conservation programs to both agriculture committees by December 31, 2005.

Other Conservation Programs and Provisions in the 2002 Farm Bill. In addition to the farm bill programs described above, the conservation title contains several other programs. These include:

- Authorizes the Conservation Security Program in Section 2001 to provide payments to producers starting in FY2003, based on which of three levels of conservation is planned for and practiced. Payments are available on all agricultural land that was cropped in 4 of 6 years before 2002. The lowest level allows contracts of 5 years and annual payments up to \$20,000; the middle level allows contracts of 5 to 10 years and annual payments up to \$35,000; the top level allows contracts of 5 to 10 years and annual payments up to \$45,000. The lowest level requires a plan that addresses at least one resource concern on part of a farm; the middle level requires a plan that addresses at least one resource concern on the entire operation, and the top level requires a plan to address all resource concerns on the entire operation.
- Authorizes Partnerships and Cooperation in Section 2003, using up to 5% of conservation funding, for both stewardship agreements with other entities and special projects designated by state conservationists to enhance technical and financial assistance to address resource conservation issues.
- Amends administrative requirements in Section 2004, to provide the option of providing incentives to beginning and limited resource farmers and ranchers and Indian tribes, and to protect the privacy of personal information related to natural resource conservation programs and information about National Resources Inventory data points.
- Reauthorizes the Agricultural Management Assistance Program through FY2007 in Section 2501, and provides \$10 million in mandatory funding annually.
- Authorizes a Grassroots Source Water Protection Program in Section 2501 and annual appropriations of \$5 million through FY2007.
- Authorizes a Great Lakes Program for Erosion and Sediment Control in Section 2501 and annual appropriations of \$5 million through FY2007.

- Desert Terminal Lakes provisions in Section 2507 require the Secretary to transfer \$200 million in mandatory funds to the Bureau of Reclamation to pay for providing water to at-risk natural desert terminal lakes; other provisions prohibit using these funds to purchase or lease water rights.
- Authorizes appropriations of such funds as are necessary through FY2007 to conduct a Conservation Corridor Demonstration Program on the Delmarva Peninsula in Sections 2601-2604 to provide matching funds to demonstrate local conservation and economic development with state and local partners.

Appropriations for FY2002

FY2002. The President signed the FY2002 Agriculture Appropriations legislation on November 28 (P.L. 107-76). For discretionary conservation programs, this law provides \$962.1 million to NRCS activities. This amount is less than the Senate provided (\$985.4 million) and more than the House provided (\$909.0 million). It is also greater than the Administration request (\$928.6 million), but less than the FY2001 total (\$1,061.2 million).

For the core technical assistance effort, the Conservation Operations Program, the law provided \$779.0. A particularly contentious issue was using Conservation Operations funds to provide technical support for the CRP because it reduces funds available for other programs and activities. The law allows the Secretary to transfer to the CRP up to \$13 million from the EQIP.

The law provided funding levels for other conservation line items that are higher than FY2001. These amounts include:

- \$11 million for Watershed Surveys and Planning (an increase from \$10.8 million in FY2001);
- \$106.6 million for Watershed and Flood Prevention Operations (An increase from \$99.2 million in FY2001);
- \$48.0 million for Resource Conservation and Development Program (RC&D) (a large increase from the \$41.9 million in FY2001); and
- \$6.8 million for the Forestry Incentives Program (an increase from \$6.3 million in FY2001).

The Senate and the House both included numerous earmarks in their reports, especially in the Conservation Operations and Watershed Operations portions. Among the most notable was a \$45.5 million limitation on technical assistance under the Watershed and Flood Prevention Operations Program. The conference committee was silent on most earmarks, and stated that any earmarks in either report it did not address were considered to be adopted. It provided \$10 million for a new line item to rehabilitate aging watershed projects.

For the mandatory programs that are funded through the CCC and are not subject to annual appropriations, the Administration proposal did not assume the recurrence of several single year increases at unauthorized levels provided in FY2001 under various emergency supplemental measures. These funding proposals benefitted from the emerging budget surplus and provided additional resources after some of these programs had reached their enrollment or funding caps set in the 1996 farm bill. The mandatory programs that had reached their authorized enrollment or funding caps included: the WRP (capped at 1,075,000

acres); the WHIP (capped at \$50 million); and the FPP (capped at \$35 million). The Bush Administration sought no new funding in FY2002 to sustain these programs at higher, but unauthorized levels. Supporters of these FY2001 increases characterize the FY2002 proposals as reductions. (For a more detailed discussion of FY2002 appropriations for conservation, see the final version of CRS Report RL31001, *Appropriations for FY2002: U.S. Department of Agriculture and Related Agencies.*)

FY2003. The Administration requests \$897 million for Conservation Operations, up \$118 million from FY2002. The Administration requests no funding for Watershed and Flood Prevention Operations, Watershed Surveys, or the Watershed Rehabilitation Programs, but instead requests \$111.4 million for Emergency Watershed Protection, so USDA can focus its resources on providing assistance rapidly after a natural disaster, and limit watershed spending to disasters. The Emergency Conservation Program is usually funded through emergency supplemental legislation, but the budget requests \$48.7 million, the average amount spent over each of the past 10 years, so these funds will be available when needed. The budget also requests no funding for the Forestry Incentive Program.

For the mandatory programs, the Administration assumes full funding for EQIP at \$200 million in FY2003, even though budget authority expires at the end of FY2002. No funding is requested for any of the other mandatory programs that expire after FY2002. The budget does assume continuing outlays for land retirement programs. For the CRP, for example, it assumes outlays of \$1.856 billion in FY2003 to fund existing and new contracts. (The FY2003 budget request does not account for any increased authorizations in farm bill, enacted after the budget request was submitted.)

LEGISLATION

Numerous bills with conservation provisions have been introduced; those listed below are currently being actively considered.

P.L. 107-171, H.R. 2646

Provides for the continuation of farm programs through FY2011. Introduced July 26, 2001; referred to Committee on Agriculture. Reported August 2, 2001 (H.Rept. 107-191, pt. 1) and August 31, 2001 (H.Rept. 107-191, pt. II). Passed the House (amended) October 5, 2001. Passed the Senate (amended) February 13, 2002. House agrees to conference report May 2, 2002 (H.Rept. 107-424). Senate agrees to conference report May 8, 2002. Signed into law May 13, 2002.

CONGRESSIONAL HEARINGS, REPORTS, AND DOCUMENTS

U.S. Congress. House. Committee on Agriculture. Subcommittee on Department Operations, Oversight, Nutrition, and Forestry. *The Impact of the Proposed Total Maximum Daily Load Regulations on Agriculture and Silviculture*. Hearings. 106th Congress, 2nd session. May 22, June 19, and June 20, 2000. 296 p. Serial No. 106-53.

- U.S. Congress. House. Committee on Agriculture. Subcommittee on General Farm Commodities, Resource Conservation, and Credit. *Review of USDA's Administration of the CRP*. Hearings, 106th Congress, 1st session. July 22, 1999. 96 p. Serial No. 106-30.
- U.S. Congress. House. Committee on Agriculture. Subcommittee on Water Resources and Environment. *H.R. 728, The Small Watershed Rehabilitation Amendments of 1999 and the Natural Resource Conservation Service's Small Watershed Program*. Hearings, 106th Congress, 1st session. Sept. 24, 1999. 63p. Serial No. 106-40.
- U.S. Congress. Senate. Committee on Agriculture, Subcommittee on Forestry, Conservation, and Rural Revitalization. *Farmland Protection Program*. Hearings, 106th Congress, 2nd session. September 18, 2000. 61p. S. Hrg. 106-947.
- U.S. Congress. Senate. Committee on Agriculture, Subcommittee on Research, Nutrition, and General Legislation. *Carbon Cycle Research and Agriculture's Role in Reducing Climate Change*. Hearings, 106th Congress, 2nd session. May 4, 2000. 116 p. S. Hrg. 106-905.

FOR ADDITIONAL READING

- U.S. Department of Agriculture. Economic Research Service. *Agricultural Resources and Environmental Indicators, 1996-1997*. Washington, July 1997. 347 p. Agricultural Handbook No. 712.
- *Agri-Environmental Policy at the Crossroads: Guideposts on a Changing Landscape*. Washington, January 2001. 66p. Agricultural Economic Report No. 794.
- U.S. Department of Agriculture. Natural Resources Conservation Service. *America's Private Land: A Geography of Hope*. Washington. 1996. 81 p.

CRS Reports

- CRS Report RL31001. *Appropriations for FY2002: Department of Agriculture and Related Agencies*, coordinated by Ralph M. Chite.
- CRS Report 98-451. *Animal Waste Management and the Environment: Background for Current Issues*, by Claudia Copeland and Jeffrey Zinn. 40 p.
- CRS Report RL30331. *Conservation Spending in Agriculture: Trends and Implications*, by Jeffrey Zinn. 11 p.
- CRS Report 97-673. *Conservation Reserve Program: Status and Current Issues*, by Jeffrey Zinn. 6 p.

CRS Report 97-616. *Environmental Quality Incentives Program (EQIP): Status and Issues*, by Jeffrey Zinn and Geoffrey Becker. 6 p.

CRS Report RL31065. *Forestry Assistance Programs*, by Ross Gorte. 20p.

CRS Report RL31255. *Resource Conservation Title: Comparison of Current Law with House and Senate Farm Bills*, by Jeffrey Zinn. 24p.

CRS Report RL31131. *Selected Conservation Proposals for the Next Farm Bill*, by Jeffrey Zinn. 40 p.

CRS Report RL30437. *Water Quality Initiatives and Agriculture*, by Claudia Copeland. 29 p.

Conservation Compliance for Agriculture: Status and Policy Issues

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Summary

Provisions enacted in the 1985 Food Security Act require farmers producing agricultural commodities on highly erodible land to fully implement an approved conservation plan to remain eligible for certain farm program benefits. About 140 million acres, more than a third of the country's cropland, is classified as highly erodible. This program, known as "conservation compliance," was amended in 1990 and 1996. This paper reviews the compliance concept, the program requirements, and the implementation record. It also introduces three policy topics: the effect of compliance on erosion rates and patterns; the effectiveness and flexibility of implementation; and the possible impact of changes to commodity policies enacted in the 1996 farm bill.

Background

The Concept. From their inception in the 1930s, and until compliance requirements for farm programs were enacted in the 1985 farm bill, all soil and water conservation programs offered through the agencies of the U.S. Department of Agriculture (USDA) had been based on two principles: voluntary participation and incentives. These incentives included technical assistance (conservation planning and engineering) and cost-sharing payments through the Natural Resources Conservation Service (NRCS), land rental and emergency payments through the Farm Service Agency (FSA), and education through the Extension Service (ES). Employees of each agency are located in most counties, providing easy access to programs for most farmers.

However, in the late 1970s and early 1980s, as commodity program costs soared and substantial erosion problems were widely reported, opinion surveys showed a growing portion of the general public, and even some in the farm community, supported the idea that farmers who receive federal assistance should be required to meet societal standards for environmental quality. This was a significant change from the earlier

prevailing view that agriculture was an unique industry and should be exempted from regulatory requirements that apply to other industries.

Compliance sets an environmental standard for agricultural activities. When conservation compliance for erosion and two other compliance proposals surfaced in the 1985 farm bill debate, they were quickly identified as a major shift in policy. (The two other proposals, also enacted in 1985, set standards for highly erodible land that had not been cultivated between 1981 and 1985 (sodbuster), and for wetlands converted to agricultural uses (swampbuster).

Supporters and opponents alike thought that debate about compliance proposals would be contentious. The sodbuster proposal had been considered for several years. It had passed both Chambers in 1984, but was not enacted. Many veterans of farm policy debates did not expect compliance proposals beyond sodbuster to survive the omnibus farm legislation deliberations. However, these compliance provisions were enacted after surprisingly little discussion. Policy analysts suggest that earlier debate over sodbuster, and discussion of the closely-related concept of "cross compliance" in the 1982 National Conservation Program, had probably helped prepare the way for congressional acceptance of these proposals.

Some opponents of compliance maintain that it has changed NRCS from a farm-conservation support agency into a regulatory agency. Supporters of compliance counter that there have always been requirements on farm program participants, and that compliance for soil and water conservation creates additional requirements, not new regulations. Further, each producer can still decide whether to comply or not, and those who choose to be out of compliance still have full market access. This debate--which has both philosophic and practical dimensions--continues, especially in areas where meeting compliance standards has been especially difficult or costly and producers rely on federal farm program payments.

If compliance is viewed as a "stick" approach, Congress also included a counterbalancing "carrot" program in the same 1985 law, the Conservation Reserve Program (CRP). CRP allows producers to retire highly erodible or environmentally sensitive land under 10-year contracts. Producers have enrolled 36.4 million acres. Compliance and CRP are connected; when contracts end, the 75% of the 36.4 million acres enrolled in the CRP before 1995 that are defined as highly erodible will be subject to compliance requirements. Producers returning crop production on these acres will have 2 years after their CRP contracts expire to be fully in compliance or lose program eligibility.

Conservation Compliance, as Amended. Compliance was enacted in the Food Security Act of 1985 and amended in 1990 and 1996. Under the 1985 Act, farmers who cultivate highly erodible lands must have frilly implemented an approved conservation plan by 1995. Under this law, producers who are out of compliance risked losing eligibility for the following farm support programs on all the land the producer cultivates:

- price and income supports and related programs;
- farm storage facility loans;
- crop insurance;
- disaster payments;
- storage payments; and
- any farm loans that will contribute to erosion on highly erodible lands.

Amendments in the Food, Agriculture, Conservation, and Trade Act of 1990 expanded compliance to include highly erodible land set aside as a requirement for participating in commodity programs. They also added six more federal farm programs to the list of benefits that could be lost for non-compliance. A graduated penalty, available once every 5 years, was added so that under some circumstances, called "good faith" exemptions, producers could be subject to only \$500 to \$5000 loss in benefits. The revisions protect tenant farmers from violations caused by landlords or other tenants. Amendments in the Federal Agricultural Improvement and Reform Act of 1996 expanded producer flexibility. Among the enacted changes were provisions that:

- require conservation compliance as a prerequisite for receiving market transition payments;
- provide violators up to one year to meet compliance requirements;
- develop expedited variances (less than 30 days) for weather, pest, or disease problems;

- allow third parties to measure residue, and require that residue measurements take into account the top two inches of soil;
- allow producers to self-certify compliance when applying for benefits;
- allow producers to modify plans if they maintain at least the same level of treatment;
- allow local county committees to permit relief if a conservation system causes a producer undue economic hardship;
- direct USDA employees who observe violations while performing other duties to inform producers of necessary corrective actions within 45 days;
- delete crop insurance from the list of program benefits that can be denied; and
- authorize a pilot project to review the use of wind erosion factors.

Implementation. NRCS is the lead agency administering conservation compliance. It coordinates the drafting of regulations, works with producers to develop and implement conservation plans, and visits a sample of the 1.6 million plan sites each year to verify implementation. It can grant variances to producers based on uncontrollable physical conditions, such as disease or drought, or extreme hardships. NRCS passes along the names of those found not to be "actively applying" their plans or not using an approved conservation system to the agencies who administer the specified programs; these agencies determine whether benefits will be denied. Producers can appeal a non-compliance determination.

Compliance requirements have placed substantial pressures on the NRCS staff. During the first decade of this program, a large source of these pressures was the increased workload. Compliance required that the new plans be completed on the approximately 140 million acres classified as highly erodible by 1990. (In contrast, in 1984, the year before compliance was enacted, NRCS assisted with plans on about 2.5 million acres.) Between 1990 and 1995, implementation continued to place large demands on staff,

especially leading up to the 1995 deadline for frill implementation. Almost half the plans were revised at least once before the 1995 deadline because of changes in farming techniques and crops, new conservation technology, and changes in ownership and tenancy. NRCS estimated that expenditures to implement compliance have totaled \$1.77 billion, or about \$1,000 per plan. NRCS had forecast that its workload on this program will decrease substantially after 1995, pending implementation of amendments to the 1996 farm bill.

A second source of pressure has been the requirement to work with a large number of new, and sometimes, less cooperative clients. Many of the producers required to have compliance plans had never chosen to work with NRCS. Some producers view compliance as coercive. This perspective has made farmer implementation more difficult, and caused many in the agriculture community to view NRCS as a regulatory agency. Constituent concerns caused Congress to convene several oversight hearings to explore implementation of compliance.

The annual status review report prepared by the NRCS is the most current summary of program accomplishments. The 1996 review was based on a survey of 40,000 highly erodible land tracts. This survey shows that almost 95 % of the sample tracts were using acceptable systems. Just under 3% had been granted a variance. Only .7% of the tracts were out of compliance; by contrast in 1994, 3% of the sites sampled had been out of compliance. In this report, NRCS also noted that the average review required 3.3 hours for field office staff and that performing all reviews (for compliance and swampbuster combined) consumed more than 163,000 hours.

Current Policy Topics

Compliance and Erosion Rates. The goal of the compliance program is to reduce erosion to target levels where long-term productivity would be maintained. Other benefits of reduced erosion include improvements to environmental conditions both on and off the farm. Deciding an *appropriate* erosion reduction level has been controversial. Initially the Department stated that it would require producers to limit erosion to T, or 2T under some circumstances. (The T value is the theoretical rate at which soil can be lost while still maintaining long-term productivity. It varies with soil type from 5 to 2 tons per acre per year.)

The final rule issued in 1988 added "economic and technical feasibility" to this requirement to give producers greater flexibility. It also allowed the use of "alternative conservation systems" which would reduce erosion, but not to the T level, at a substantially lower cost to the producer. Subsequently, NRCS Chief Scaling mandated

that alternative conservation systems be made available to all producers. This brought protest from environmental interests who felt that widespread use of these alternatives would compromise compliance. They believe that this option should be available only in very limited circumstances. Alternative conservation systems continue to be widely used.

The 1996 status review report summarizes the effectiveness of the program. NRCS found that average erosion on the sampled tracts had dropped from 16.8 tons per acre before the plans were implemented to 5.7 tons. These measured rates were less than the average of 5.9 tons that had been predicted. But the average measured rate still exceeded the average T value for these lands, which was 4.6 tons per acre per year. The higher measured rate can be attributed to the widespread use of alternative systems. The significance of the average of 1.1 tons per acre per year between the actual rate and the average T value is not clear. NRCS estimated in an earlier study that overall erosion on highly erodible land had been reduced from 1.37 billion tons before conservation plans were implemented to 0.48 billion tons at the time that the survey was taken.

The Flexibility and Effectiveness of Implementation. Disagreements over what is meant by being in compliance and what portion of all producers were not in compliance were especially strong as the 1995 deadline for full implementation approached. Related questions about the level of enforcement were also raised. Those concerns, while less visible since the 1995 deadline passed, remain. Program statistics continue to fuel this debate. Supporters say they show that the overwhelming portion of producers are in compliance. A finding of the 1996 status review is that "farmers are complying with the law and that the law is achieving the goal Congress intended." Critics contend that the figures are more positive than observations in the field suggest and that anything less than full compliance everywhere should not be acceptable.

What do these statistics show? According to the most recent FSA statistics, compiled in December 1996, 3,875 producers have been found to be in violation of conservation compliance (and sodbuster) since these programs were implemented. The affected land area was just over 461,000 acres, and benefits producers lost totaled \$15.5 million.

Critics believe that this record shows lax enforcement, considering the billions of dollars spent in commodity and other farm programs during the same time period. They also point out that appeals and exemptions greatly reduce the value of benefits denied. For example, in 1993, the value of the benefits denied was only \$3.2 million after \$9.2 million was restored through appeals and exemptions. Supporters of the current

program point out that NRCS concentrated its efforts on assisting farmers achieve and retain compliance, not on identifying violators.

Producers were already given considerable flexibility in meeting compliance before the 1996 farm bill was enacted, according to environmental critics. They argue that use of alternative systems should be limited and that producers should be held to the higher standard that Congress intended in 1985. Strict adherence to those legislative instructions would require many plans to be amended. Supporters point out that half the plans have already been revised at least once, and further change for a rather small marginal benefit would be at least disruptive, and probably costly as well. Future debate over the continued use of alternative conservation systems is likely to revolve around being able to define when and where they remain appropriate and around an ability to compare the costs of meeting more stringent conservation requirements with benefits, both on the farm and off it.

Views continue to vary on how the Department and its agencies are enforcing compliance. Many environmentalists believe that NRCS's field staff do not have the resolve to vigorously enforce compliance and that variances and exemptions are quickly granted when violations are discovered. Enforcement data in the early years showed that a high portion of those out of compliance were concentrated in a few areas, indicating potential inconsistencies. The most recent NRCS status review, by contrast, shows a dispersed pattern of violations. Agricultural interests would like to see both consistency and some flexibility, especially in areas where there have been practical problems, such as insufficient cost-sharing funds to support the necessary improvements.

About 83% of the plans reportedly rely on management of crop residues or residues and conservation tillage. The effects of variable growing conditions from year to year mean that producers either must build in a substantial margin for years when residue is limited, such as a year after drought conditions, or otherwise seek variances. This may be a significant problem at locations where moisture is highly variable from year to year. Basic questions that need to be addressed include: what are the options to residue management? where should they be used? and can they be adopted rapidly as amendments to plans that depend on residue management?

Compliance and Commodity Programs. The future of compliance must also be **viewed within** the context of more general trends in commodity policy. The 1996 farm bill bases commodity policy for the next 7 years on "market transition payments," making producers rely more on the market place and on their own decision-making. Being in

compliance is a requirement for participation. But if this is truly a transition program, when commodity programs are terminated, compliance will become irrelevant.

Currently, this trend away from federal commodity programs is reinforced by budget constraints, by views about the government's role in the economy, and by changes in the makeup of Congress. During the transition period, if the 1996 farm bill is amended so that farm support programs are cut back further, some producers could decide to forego farm program participation and thereby avoid compliance.

Supporters of compliance's underlying goals may seek new approaches to supplement it and constrain the potential for "unacceptable" levels of soil erosion in the future. No new ideas are being widely discussed as yet, however. Many in the agriculture community say that they hope to avoid greater regulation and to rely on a program driven by the traditional approach combining voluntary participation, financial incentives, and technical assistance. They believe that most producers want agriculture to be not only profitable, but environmentally positive. This debate over future program options is likely to keep compliance issues before Congress, especially as new environmental concerns for agriculture become more prominent, including air pollution and animal waste management.



Conservation and Environmental Enhancement in the 2002 Farm Bill



Conservation and Environmental Enhancement in the 2002 Farm Bill

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The recently enacted 2002 Farm Bill sets many new records. It is the most expensive set of farm programs ever proposed. Its many overlapping commodity programs may be the most complex and confusing set of programs ever, and its renewed emphasis on conservation is the most ambitious and costly set of stewardship programs ever. While several issues must be addressed when USDA sets specific rules for participation in some programs, others seem relatively clear in the law as passed by Congress. The Secretary of Agriculture is required to submit an implementation plan and estimated budget for the conservation provisions within 180 days.

In the 2002 Farm Bill, Congress has authorized the spending of over \$17 billion on a wide array of conservation programs. While less than 10 percent of the authorized expenditures in the farm bill, this represents significant growth in conservation programs, assuming that appropriations match authorizations. Many of the familiar environmental programs have been reauthorized, including the CRP, EQIP, and WHIP. In addition, we have several new significant programs, including the CSP, a revamped FPP, and the GRP. (See the list of acronyms below.)

Acronyms, Farm Security and Investment Act of 2002 (2002 Farm Bill)	
CCEP	Comprehensive Conservation Enhancement Program
CRP	Conservation Reserve Program
CSP	Conservation Security Program
EQIP	Environmental Quality Incentive Program
FPP	Farmland Protection Program
GRP	Grasslands Reserve Program
NRCS	Natural Resources Conservation Service
USDA	U.S. Department of Agriculture
WHIP	Wildlife Habitat Improvement Program
WRP	Wetland Reserve Program

Several critical issues surround these new and reauthorized programs.

- As with every new program, rules will have to be established for operation of the CSP. Until these rules are made, there is great uncertainty about how the program will operate and what its impact might be.
- The new farm bill proposes a tremendous ramp-up in the EQIP. Key questions are: (a) Will the nature of the program change? (b) Can adequate technical assistance be provided? (c) Will the sheer size of the program prevent effective targeting? (d) Will the increasing proportion of dollars spent on animal production units affect the overall objectives? And (e) What is the impact of allowing large livestock operators to participate?



- The impact that some of the rule changes will have on existing programs is in doubt. For example, what will be the impact of the new attempt to allow some economic use, such as grazing on lands in the CRP, CSP, FPP, and the GRP?
- While the legislation now allows for crop consultants and others to provide technical assistance to farmers and ranchers, how will this work, and who will be certified to provide information to program participants?
- Will the new and existing conservation programs be treated as neutral under the trade agreements? Will they maintain their green box status given the expansion of the programs and the increasing concern of our trading partners with the level and kinds of subsidies we provide to producers under the new farm bill?

This new legislation is our first real attempt to employ payments for environmentally sound behavior that falls outside the idea of adopting new practices or temporarily retiring the land. These green payments will be for behavior covered by contracts under the Conservation Security Program, and all agricultural producers will be eligible.

Conservation Security Program (CSP)

The CSP is a radical departure in U.S. conservation policy. We have had many programs that offered assistance (financial and technical) to adopt new practices, and several programs have used rent-like payments to temporarily alter land use. With the CSP, we now have a mechanism to reward farmers and ranchers who are ongoing stewards of America's lands. Congress intends that this program will assist in optimizing environmental benefits resulting from farmers and ranchers' production systems.

The CSP will be implemented to assist all producers, including non-program crop producers (e.g., fruits, vegetables) and livestock producers, in enhancing environmental amenities. This will be accomplished by USDA providing an incentive payment to those farmers and ranchers whose use of conservation practices illustrates American agriculture's role in stewardship. The level of payment will be based upon several factors, including land rental rates, costs of using conservation practices, local priorities, etc. In addition, farmers and ranchers can choose their level of participation and incentive payment via three tiers.

While the specific rules are still to be written, in Tier I, the CSP covers appropriate practices that address at least one significant resource of concern for a period of 5 years, and a portion of the entire agricultural operation can be enrolled. In Tier II, the time frame is lengthened to 5 to 10 years and addresses at least one significant resource of concern for the entire agricultural operation. In Tier III, the time frame remains at 5 to 10 years, but the farmers and ranchers would now be required to employ a comprehensive resource management system on their entire agricultural operation obviously a much higher level of stewardship.

The conservation practices included in the statute are:

- Nutrient management
- Integrated Pest Management



- Water conservation (including through irrigation) and water quality management
- Grazing, pasture, and rangeland management
- Soil conservation, quality, and residue management
- Invasive species management
- Fish and wildlife habitat conservation, restoration, and management
- Air quality management
- Energy conservation measures
- Biological resource conservation and regeneration
- Contour farming
- Strip cropping
- Cover cropping
- Controlled rotational grazing
- Resource conserving crop rotation
- Conversion of portions of cropland from a soil-depleting use to a soil-conserving use, including production of cover crops
- Partial field conservation practices
- Protection and restoration of native grassland and prairie
- Any other conservation practices that the Secretary of Agriculture determines to be appropriate and comparable to other conservation practices described above

For the CSP, the calculation of the base payment is critical. The farm bill indicates that it will be (1) the average national per-acre rental rate for a specific land use during the 2001 crop year OR (2) another appropriate rate for the 2001 crop year that ensures regional equity. While the congressional intent seems to be for the Secretary of Agriculture to develop some method of calculation other than a national rate, that may prove to be quite difficult. In order to be eligible, land must have been cropped for 4 out of the last 6 years. This is to prevent conversion of fallow or grassland to cropland to get CSP payments. Lands enrolled in CRP, GRP, or WRP are not eligible for CSP payments.

Tier I CSP Contracts

A Tier I CSP contract would provide the farmer or rancher with 5 percent of the applicable base payment (e.g., 5 percent of a \$120 base payment for corn ground = \$6/acre) plus up to 75 percent of the average county costs of practices included in the CSP (e.g., if no-till reduces net income by \$10/acre, payment could include up to \$7.50/acre) plus the possibility of a payment enhancement if the producer does at least one of the following: follows practices that exceed the minimum requirements; addresses local conservation priorities; participates in an on-farm conservation research, demonstration, or pilot program; participates in a watershed or regional resource conservation plan that involves at least 75 percent of producers in a targeted area; or carries out assessment and evaluation activities related to practices in a CSP.

In the example above, a producer might receive \$13.50 per acre per year to utilize a specific practice by signing a 5-year contract. The producer might also receive an unspecified (at this time) payment enhancement if his or her participation meets certain requirements.

Tier II CSP Contracts

Tier II contracts lengthen the contractual obligation to 5 to 10 years and broaden the scope of the resource under concern to the entire agricultural operation. In return, the farmer or rancher would receive payments of 10 percent of the base payment plus the 75 percent of costs and possible enhancements. This doubling of the percent of base payments from 5 to 10 percent would significantly increase the per-acre total payment. In the example above, the payment without enhancement would rise from \$13.50 to \$19.50 per acre, a 44-percent increase.

Tier III CSP Contracts

Tier III requires a more aggressive conservation approach that includes the farmer or rancher implementing a comprehensive conservation plan that addresses all resources of concern on the entire agricultural operation and maintaining it for 5 to 10 years. In return, the producers would receive 15 percent of the base payment for the land covered by the conservation security contract plus the 75 percent of costs and the possibility of an enhanced payment. In the above example, the payment would be \$18 plus \$7.50, or \$25.50 plus possible enhancement.

Payment Limits

Limits on payments are dependent upon the participation tier selected for the conservation security contract, the proportion of base payments to total payments, and prohibitions on receiving CSP payments on the same land that receives other conservation funding. Overall, the total dollar limits per year are:

- \$20,000 for Tier I contracts
- \$35,000 for Tier II contracts
- \$45,000 for Tier III contracts

The Conservation Reserve Program (CRP)

The CRP was extended until 2007. The acreage cap was raised to 39.2 million acres, providing for a modest expansion of the program. Categories for inclusion in the program were expanded, mostly aimed at water-quality objectives. Eligibility is for land having been cropped in 4 of the last 6 years. The priority areas were maintained, but existing CRP land must at least be considered for readmission on an equal basis with other bids. A general sign-up is to be held as soon as possible.

Landowners can maintain existing cover where practicable. Managed haying and grazing, wind turbines, and biomass recovery are now to be allowed on CRP lands. The grazing has long been a source of contention between cattle interest and environmentalists. What rules are established for this will be important to determining the balance between conservation and economic use. The farm bill says that these activities must be consistent with conservation of soil, water quality, and wildlife habitat.



CRP:

- Increases acreage cap from 36.4 million to 39.2 million acres.
- Broadens eligibility for fields with a smaller percent of HEL.
- Restricts CRP hardwood contracts.
- Extends pilot program for wetlands and buffers.
- Allows wind turbines on some CRP land.
- Requires a report from the Secretary of Agriculture (within 270 days) analyzing economic and social effects of CRP on rural communities.

The Environmental Quality Incentive Program (EQIP)

Part of the expansion of the EQIP program came from frustration with the limited resources given to the program and the strict targeting guidelines that proved cumbersome during the initiation of the program. EQIP replaced a number of previous conservation programs that had been viewed almost as entitlements, such as the traditional cost-share program, the ACP.

Under the new farm bill, EQIP is authorized through 2006. It grows from an annual program expenditure of less than \$200 million to \$1.3 billion, phased up over several years. The House wanted to strike the language relating to the program's purpose that the program would maximize the environmental benefits per dollar expended. This language was maintained in the final bill. The House desired to greatly increase eligibility, and, if nothing else, the increased funding does this effectively.

The new farm bill tilts funding, increasing dollars to livestock (on a 60 to 40 percent split) and removing the prohibition on assisting large livestock facilities. The payment limitation is raised up to \$450,000 for any combination of contracts over the life of the bill.

An important aspect of the administration of this greatly expanded program is that the Secretary of Agriculture is to develop a system for approving third-party providers of technical assistance.

EQIP:

- Continues the focus on assisting producers to comply with provisions of environmental legislation (e.g., CWA, SDWA, CAA).
- Defines comprehensive nutrient management.
- Defines managed grazing.
- Removes requirement for EQIP plan.
- Provides for 3- to 10-year contracts.
- Increases cost-share percent for beginning or limited resource farmers.
- Authorizes producers to accept additional cost-share payments from states or private organizations.
- Raises payment limits to \$30,000 per year with \$150,000 total (also, the Secretary of Agriculture can override payment limit IF larger payment will maximize environmental benefits per dollar expended).
- Authorizes \$75 million for the High Plains Groundwater protection program.
- Authorizes a pilot program for drinking water suppliers.
- Authorizes a program for nutrient reduction in the Chesapeake Bay.



- Raises the previous requirement that 50 percent of EQIP would go to livestock producers to 60 percent.
- Removes the restriction concerning large livestock operators. (The new EQIP is supposed to be focused upon the environmental benefit, not the size or profitability of the producer.)

The Farmland Protection Program (FPP)

This program was also greatly expanded, nearly a 20-fold increase over what was provided under the previous farm bill. Acreage caps have been eliminated, and eligibility has been expanded to include grazing, pasture, range, and forestland that are part of an agricultural operation.

With expansion, administration becomes a key concern, as it is with EQIP. For FPP, non-profits were added as eligible entities to be involved in the program, where government bodies (states, etc.) had been the primary vehicles in the past. In philosophy and because of administrative necessity, this is a program that will have to be driven at the local level under guidelines from the federal government. Whatever they are, the rules and guidelines become even more critical.

FPP:

- Significantly increases available funding and removes some restrictions.
- Broadens eligibility to nonprofit conservation groups.
- Makes acres with historical or archaeological resources eligible.

The Grasslands Reserve Program (GRP)

This is a new program that will have a 2-million-acre cap and include both virgin and restored grasslands. It will allow a wide range of participation vehicles 10-, 15-, 20-, and 30-year contracts as well as 30-year or permanent easements. A key provision is that grazing restrictions will be no more stringent than for CRP, CSP, and FPP. This may be a source of conflict during rule making and implementation.

This new program is intended to assist private owners in restoring and conserving grassland that contains forbs or shrubland or land that, if restored, could serve as habitat for animal or plant populations of significant ecological value. The program specifies a maximum of 2,000,000 acres of virgin and improved pastureland with 60 percent in long-term agreements, either a permanent or 30-year easement. These would provide the owner with an upfront payment based upon market value of the land minus the grazing rights retained. The farm bill also allows the Secretary of Agriculture to reassign this easement or property right to a private conservation or land-trust organization or a state agency. In addition, owners will qualify for cost-share assistance for any establishment costs of the grassland.

GRP:

- Restricts enrolled tracts of land to at least 40 contiguous acres.
- Provides that annual rental rates equal 75 percent of grazing value.
- Specifies that permanent easements are to be purchased at fair market value less the retained value of the grazing rights.
- Provides cost sharing for restoration of grazing land.



Other Programs

The WRP, WHIP, WCP, and the Small Watershed Rehabilitation Program all received greatly increased funding. Funding was provided to help conserve desert terminal lakes, but the purchase of water rights to do this was explicitly prohibited. Some funding was continued for states underserved by existing conservation programs.

Critical Questions & Concluding Comments

The main concern is how these programs will be administered and how the participant selection process, ancillary technical services, monitoring, enforcement, and evaluation can be accomplished for such expanded programs. The rules governing the programs will be critical to the success or failure of the programs. The Natural Resources Conservation Service (NRCS) staff is reduced in numbers, and this makes the use of third-party vendors a critical component of the conservation programs.

Finally, given the concern our trading partners have over the kinds and levels of subsidies under the 2002 Farm Bill, conservation programs are likely to come under more scrutiny as to whether they are green box (trade non-distorting) or amber box. For example, if the EQIP program were seen as providing large capital inflows into the livestock industry for waste facilities that allowed the industry to concentrate more capital to greatly expand production at lower cost, this might be seen as trade-distorting. The critical issues will be whether the conservation expenditures are only minimally trade distorting and whether they actually do result in attaining conservation and environmental goals.

- Essentially, the conservation title is NOT a radical departure from the programs USDA has been implementing over the past several years.
- The Conservation Security Program (CSP) is a new and very different approach to conservation and stewardship.
 - It encompasses a much broader segment of the agricultural community by including producers of all commodities.
 - It rewards those producers who presently maintain or agree to begin a more sustainable production system.
 - It shifts the distribution of payments geographically, by commodity, by size of operation.
- This farm bill greatly increases the resources available to assist agricultural producers and landowners in reducing environmental harms and increasing the environmental amenities provided by the agricultural sector.
- An area of concern is that the increased subsidies for agricultural production will make higher incentives for conservation behavior necessary, increase the required conservation expenditures and intensify the competition between the conservation and commodity programs.



Title II — Conservation		
Program	Notes	Cost
Conservation Reserve Program (CRP)	Increases acreage cap from 36.4 million to 39.2 million acres. Retains priority areas. Expands wetlands pilot to 1 million acres with all states eligible.	\$1.517 billion
Wetlands Reserve Program (WRP)	Increases acreage cap to 2.275 million acres.	\$1.5 billion
Grasslands Reserve Program (GRP)	A new program to enroll up to 2 million acres of virgin and improved pastureland. Program would be divided 40/60 between agreements of 10, 15, or 20 years and agreements and easements for 30-years and permanent easements.	\$254 million
Farmland Protection Program (FPP)	Since 1996, the program has provided \$53.4 million to protect 108,000 acres. The new funding is a nearly 20-fold increase over amount committed to this program since the last farm bill.	\$ 985 million
Wildlife Habitat Incentives Program (WHIP)	Since 1996, approximately \$62.5 million has been spent through this program to provide cost-share payments on 1.6 million acres. The new funding is greater than a 10-fold increase over amount committed to this program since the last farm bill.	\$700 million
Environmental Quality Incentives Program (EQIP)	Phased-up to achieve a \$1.3 billion annual funding level. Priority areas are eliminated. Funds are split 60/40 between livestock and crop producers.	\$9 billion
Water Conservation Program (WCP)	Water Conservation Program provides cost-share incentives and assistance for efforts to conserve ground and surface water. \$50 million is reserved specifically to assist producers in the Klamath Basin.	\$600 million
Conservation Security Program (CSP)	A new national incentive payment program for maintaining and increasing farm and ranch stewardship practices.	\$2 billion
Small Watershed Rehabilitation Program (SWRP)	Provides essential funding for the rehabilitation of aging small watershed impoundments that have been constructed over the past 50 years.	\$275 million
Underserved States - Agricultural Management Assistance	Extends the AMA through 2007. AMA provides EQIP-type assistance to states traditionally underserved by commodity programs, specifically Connecticut, Delaware, Maryland, Massachusetts, Maine, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming.	\$50 million
Desert Terminal Lakes	Provides funding to help conserve desert terminal lakes. Found primarily in Nevada and California, desert terminal lakes are lakes found in desert areas into which a river empties but has no outlet.	\$200 million
Total		\$17.1 billion





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Farm Bill 2002

ANNEXE 4

title I - commodity programs

Highlights	
Title I Commodity Programs	Income support for wheat, feed grains, upland cotton, rice, and oilseeds is provided through 3 programs: direct payments, counter-cyclical payments, and marketing loans. Support for peanuts is changed from a price support program with marketing quotas to a program with marketing loans, counter-cyclical payments, direct payments, and a quota buyout. To the extent possible, the sugar program is to operate as a "no net cost" program. A new dairy income support program is introduced.

Key provisions

[Direct payments](#)[Counter-cyclical payments](#)[Marketing assistance loans](#)[Dairy](#)[Miscellaneous](#)

Provision	1996-2001 farm legislation	2002 Farm Bill
Direct payments for wheat, feed grains, upland cotton, rice, and oilseeds	Farmers who participated in the wheat, corn, barley, grain sorghum, oats, upland cotton, and rice programs in any 1 of the years 1991-95 could enter into 7-year <i>production flexibility contracts</i> (PFC) for 1996-2002 during a one-time enrollment period. An eligible farm's "payment quantity" for a given contract commodity was equal to 85 percent of its contract acreage times its program yield for that commodity. A per-unit payment rate (e.g., per bushel) for each contract commodity was determined annually by dividing the total annual contract payment level for each commodity by the total of all contract farms' program payment quantity. The annual payment rate for a contract commodity was then multiplied by each farm's payment quantity for that commodity, and the sum of such payments across contract commodities on the farm was that farm's annual payment, subject to any payment limits.	Direct payments are available for eligible producers of wheat, corn, barley, grain sorghum, oats, upland cotton, and rice. New payments are established for soybeans, other oilseeds , and peanuts. (See peanut provisions for those provisions that apply uniquely to peanuts.) To receive payments on covered crops (wheat, corn, grain sorghum, barley, oats, rice, upland cotton, soybeans, and other oilseeds), a producer must enter into an annual agreement. Direct payments for the 2002 crop are to be made as soon as practicable after enactment of the Farm Act. For crop years (CY) 2003-07, payments are to be made no sooner than October 1 of the year the crop is harvested. Advance payments of up to 50 percent can be made beginning December 1 of the calendar year before the year when the covered commodity is harvested.
	Total PFC payment levels for each	Payment rates specified in the 2002

	<p>fiscal year (FY) were fixed at: \$5.570 billion in 1996, \$5.385 billion in 1997, \$5.800 billion in 1998, \$5.603 billion in 1999, \$5.130 billion in 2000, \$4.130 billion in 2001, and \$4.008 billion in 2002. Spending caps for each crop, except rice, were adjusted for prior-year crop program payments to farmers made in FY 1996 and any 1995 crop repayments owed to the government. The amount allocated for rice was increased by \$8.5 million annually for FY 1997-2002. Allocations of the above payment levels were: 26.26% for wheat, 46.22% for corn, 5.11% for sorghum, 2.16% for barley, 0.15% for oats, 11.63% for upland cotton, and 8.47% for rice.</p> <p>Oilseeds were not eligible for production flexibility contract payments.</p>	<p>Farm Act:</p> <table border="1" data-bbox="922 254 1310 590"> <thead> <tr> <th></th> <th>Payment rate</th> </tr> </thead> <tbody> <tr> <td>Wheat</td> <td>\$0.52/bu</td> </tr> <tr> <td>Corn</td> <td>\$0.28/bu</td> </tr> <tr> <td>Grain sorghum</td> <td>\$0.35/bu</td> </tr> <tr> <td>Barley</td> <td>\$0.24/bu</td> </tr> <tr> <td>Oats</td> <td>\$0.024/bu</td> </tr> <tr> <td>Upland cotton</td> <td>\$0.0667/lb</td> </tr> <tr> <td>Rice</td> <td>\$2.35/cwt</td> </tr> <tr> <td>Soybeans</td> <td>\$0.44/bu</td> </tr> <tr> <td>Other oilseeds</td> <td>\$0.008/lb</td> </tr> </tbody> </table> <p>Since PFC payments for FY 2002 were made prior to enactment of the 2002 Farm Act, 2002 payments will be adjusted.</p>		Payment rate	Wheat	\$0.52/bu	Corn	\$0.28/bu	Grain sorghum	\$0.35/bu	Barley	\$0.24/bu	Oats	\$0.024/bu	Upland cotton	\$0.0667/lb	Rice	\$2.35/cwt	Soybeans	\$0.44/bu	Other oilseeds	\$0.008/lb
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Provisions	1996-2001 farm legislation	2002 Farm Bill																														
<p>Counter-cyclical payments for wheat, feed grains, upland cotton, rice, and oilseeds</p>	<p>Supplemental legislation authorized Market Loss Assistance (MLA) payments for wheat, feed grains, rice and upland cotton for crop year (CY) 1998 through CY 2001. Payments were proportional to Production Flexibility Contract (PFC) payments. Payment levels were \$2.857 billion in CY 1998, \$5.5 billion in CY 1999, \$5.465 billion in CY 2000, and \$4.6 billion in CY 2001.</p> <p>Oilseed payments provided in FY 1999 through FY 2001 were based on plantings in 1997, 1998, or 1999. Payment levels were \$475 million in 1999, \$500 million in 2000, and \$424 million in 2001.</p>	<p>Counter-cyclical payments are available to covered commodities whenever the effective price is less than the target price. The effective price is equal to the sum of 1) the higher of the national average farm price for the marketing year, or the national loan rate for the commodity and 2) the direct payment rate for the commodity. The payment amount for a farmer equals the product of the payment rate, the payment acres, and the payment yield.</p> <p>Target prices for counter-cyclical payments:</p> <table border="1" data-bbox="922 1461 1310 1797"> <thead> <tr> <th></th> <th>2002-03</th> <th>2004-07</th> </tr> </thead> <tbody> <tr> <td>Wheat</td> <td>\$3.86/bu</td> <td>\$3.92/bu</td> </tr> <tr> <td>Corn</td> <td>\$2.60/bu</td> <td>\$2.63/bu</td> </tr> <tr> <td>Grain sorghum</td> <td>\$2.54/bu</td> <td>\$2.57/bu</td> </tr> <tr> <td>Barley</td> <td>\$2.21/bu</td> <td>\$2.24/bu</td> </tr> <tr> <td>Oats</td> <td>\$1.40/bu</td> <td>\$1.44/bu</td> </tr> <tr> <td>Upland cotton</td> <td>\$0.724/lb</td> <td>\$0.724/lb</td> </tr> <tr> <td>Rice</td> <td>\$10.50/cwt</td> <td>\$10.50/cwt</td> </tr> <tr> <td>Soybeans</td> <td>\$5.80/bu</td> <td>\$5.80/bu</td> </tr> <tr> <td>Other oilseeds</td> <td>\$0.098/lb</td> <td>\$0.101/lb</td> </tr> </tbody> </table> <p>The Secretary shall make counter-cyclical payments for the crop as soon</p>		2002-03	2004-07	Wheat	\$3.86/bu	\$3.92/bu	Corn	\$2.60/bu	\$2.63/bu	Grain sorghum	\$2.54/bu	\$2.57/bu	Barley	\$2.21/bu	\$2.24/bu	Oats	\$1.40/bu	\$1.44/bu	Upland cotton	\$0.724/lb	\$0.724/lb	Rice	\$10.50/cwt	\$10.50/cwt	Soybeans	\$5.80/bu	\$5.80/bu	Other oilseeds	\$0.098/lb	\$0.101/lb
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		as practicable after the end of crop year for the covered commodity. A payment of up to 35% shall be made in October of the year when the crop is harvested. A second payment of up to 70% minus the first payment shall be made after February 1. The final payment shall be made as soon as practicable after the end of the crop year.
Acreage base and payment acres for calculating payments for direct and counter-cyclical payments.	Land eligible for contract acreage was equal to a farm's base acreage for 1996 calculated under the previous farm program, plus any returning Conservation Reserve Program (CRP) base and less any new CRP enrollment. A producer could enroll less than the maximum eligible acreage.	<p>Each producer must select 1 of 2 options for base acres for all covered commodities enrolled for the farm, including oilseeds:</p> <ul style="list-style-type: none"> • Update base acres to reflect the 4-year average of planted acreage plus "prevented from planting" for the commodity during CY 1998-2001. • Use 2002 PFC contract acres as the new base for wheat, feed grains, cotton, and rice and add oilseed bases using 4-year average of planted acreage plus "prevented from planting" for individual oilseeds during CY 1998-2001. In general, oilseed base acres can not exceed the difference between total acreage for covered crops for the crop year and sum of 2002 contract acreage. <p>Owners of farms will have a one-time opportunity to select a method for determining base acreage. An owner who fails to make an election shall be considered to have selected 2002 PFC contract acres and, for oilseed base, the 4-year average of oilseed plantings.</p> <p>Base acreage cannot exceed available cropland. The Secretary is directed to provide for an adjustment in base acres when a CRP contract expires or is terminated voluntarily.</p>
	Payments were made on 85 percent of the contract acres.	Payment acres are equal to 85 percent of the base acres.
Program yield for calculating payments	Program payment yields were frozen at 1995 levels.	<p>Payment yields for direct payments are unchanged except for soybeans and other oilseeds, which are added to the program. Oilseed payment yields will be determined based on the farm's 1998-2001 average yield multiplied by the national average yield for 1981-85, divided by national average yield for 1998-2001.</p> <p>Payment yields for counter-cyclical payments may be the same as for direct payments, or may be undated during the</p>

		<p>signup period at the option of the producer using 1 of the 2 options for all covered crops:</p> <ul style="list-style-type: none"> • by adding 70% of the difference between program yields for 2002 crops and the farm's average yields for the 1998-2001 to program yields, or • by using 93.5% of 1998-2001 average yields.
Planting flexibility and restrictions for program participants	<p>Participants could plant 100% of their total contract acreage to any crop, except with limitations on fruits and vegetables. Land had to be maintained in agricultural use. Unlimited haying and grazing and planting and harvesting of alfalfa and other forage crops were permitted with no reduction in payments. Planting of fruits and vegetables (excluding mung beans, lentils, and dry peas) on contract acres was prohibited unless the producer or the farm had a history of planting fruits and vegetables, but payments were reduced acre-for-acre on such plantings. Double cropping of fruits and vegetables was permitted without loss of payments if there were a history of such double cropping in the region.</p> <p>Wild rice was added to the list of restricted crops in the 2000 Agricultural Appropriations Act.</p>	<p>The 2002 Act planting flexibility provisions are the same as the 1996 Act, except wild rice will be treated the same as a fruit/vegetable. In general, fruit and vegetable violations on contract acres occur when harvested. Under the 1996 Act, the violation occurred when planted.</p>
	Must abide by conservation compliance requirements (see Title II).	Must continue to abide by conservation compliance requirements (see Title II).

Provisions	1996-2001 farm legislation	2002 Farm Bill
<p>Marketing Assistance Loans and Loan Deficiency Payments (LDPs) are available to minimize potential loan forfeitures and subsequent government accumulation of stocks.</p> <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 10px;"></div>	<p>Nonrecourse commodity loans with marketing loan provisions were extended. Any production of a contract commodity by a producer who entered into a production flexibility contract was eligible for loans. The formulas for establishing loan rates for wheat, feed grains, and upland cotton were retained, subject to specified maximums. Continued marketing loan provisions allowing repayment of loans at less than full principal plus interest when prices were below loan rates. Authority for the honey, wool, and mohair programs was eliminated in 1996 Act. Marketing loan program was initiated for honey in supplemental legislation for FY 2001.</p>	<p>Nonrecourse commodity loans with marketing loan provisions are extended. Loan rates are fixed in legislation. Marketing loan provisions are extended to peanuts, wool, mohair, honey, small chickpeas, lentils, and dry peas. The requirement that producers enter into an agreement for direct payments to be eligible for loan program benefits is eliminated.</p>

	Commodity loans were for up to 9 months, except upland cotton and extra-long staple (ELS) cotton loans, which were for up to 10 months.	The term for upland and ELS cotton loan rates was reduced from a maximum of 10 months to 9 months.																																																									
	ELS cotton loans were nonrecourse and had to be repaid at the loan rate plus interest.	No change.																																																									
Commodity loan rates are per-unit values provided to farmers via commodity-secured loans.	Loan rates for wheat, corn, and soybeans were set at not less than 85% of the previous 5-year Olympic average of farm prices, subject to a maximum of \$2.58 per bushel for wheat, \$1.89 per bushel for corn, and no lower than \$4.92 per bushel nor higher than \$5.26 per bushel for soybeans. Loan rates for grain sorghum, barley, and oats were set at a level considered fair and equitable relative to the feed value of corn. Loan rates for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed could not be less than 85 percent of the 5-year Olympic average of farm prices for sunflower seed, subject to a minimum of \$0.087 and maximum of \$0.093 per pound. The loan rate for upland cotton was set at the lesser of 85% of the 5-year Olympic average of spot market prices, or 90% of the Northern Europe-based average price, subject to a maximum of \$0.5192 per pound and a minimum of \$0.50 per pound. The loan rate for ELS cotton was set at 85% of the 5-year Olympic average of farm prices, subject to a maximum of \$0.7965 per pound. Rice was fixed at \$6.50 per hundredweight. The Secretary retained authority to reduce wheat and feed grain loan rates depending on the projected stocks-to-use ratio. Loan rates could be reduced as much as 5% if the ratio was between 15 and 30% for wheat or 12.5 and 25% for corn. If the ratios were higher, loan rates could be reduced up to 10%.	Loan rates are fixed in legislation: <table border="1"> <thead> <tr> <th></th> <th>2002-03</th> <th>2004-07</th> </tr> </thead> <tbody> <tr> <td>Wheat</td> <td>\$2.80/bu</td> <td>\$2.75/bu</td> </tr> <tr> <td>Corn</td> <td>\$1.98/bu</td> <td>\$1.95/bu</td> </tr> <tr> <td>Grain sorghum</td> <td>\$1.98/bu</td> <td>\$1.95/bu</td> </tr> <tr> <td>Barley</td> <td>\$1.88/bu</td> <td>\$1.85/bu</td> </tr> <tr> <td>Oats</td> <td>\$1.35/bu</td> <td>\$1.33/bu</td> </tr> <tr> <td>Rice</td> <td>\$6.50/cwt</td> <td>\$6.50/cwt</td> </tr> <tr> <td>Soybeans</td> <td>\$5.00/bu</td> <td>\$5.00/bu</td> </tr> <tr> <td>Other oilseeds</td> <td>\$0.096/lb</td> <td>\$0.093/lb</td> </tr> <tr> <td>Upland cotton</td> <td>\$0.52/lb</td> <td>\$0.52/lb</td> </tr> <tr> <td>ELS cotton</td> <td>\$0.7977/lb</td> <td>\$0.7977/lb</td> </tr> <tr> <td>Peanuts</td> <td>\$355/ton</td> <td>\$355/ton</td> </tr> <tr> <td>Graded wool</td> <td>\$1.00/lb</td> <td>\$1.00/lb</td> </tr> <tr> <td>Nongraded wool</td> <td>\$0.40/lb</td> <td>\$0.40/lb</td> </tr> <tr> <td>Mohair</td> <td>\$4.20/lb</td> <td>\$4.20/lb</td> </tr> <tr> <td>Honey</td> <td>\$0.60/lb</td> <td>\$0.60/lb</td> </tr> <tr> <td>Small chickpeas</td> <td>\$7.56/cwt</td> <td>\$7.43/cwt</td> </tr> <tr> <td>Lentils</td> <td>\$11.94/cwt</td> <td>\$11.72/cwt</td> </tr> <tr> <td>Dry peas</td> <td>\$6.33/cwt</td> <td>\$6.22/cwt</td> </tr> </tbody> </table>		2002-03	2004-07	Wheat	\$2.80/bu	\$2.75/bu	Corn	\$1.98/bu	\$1.95/bu	Grain sorghum	\$1.98/bu	\$1.95/bu	Barley	\$1.88/bu	\$1.85/bu	Oats	\$1.35/bu	\$1.33/bu	Rice	\$6.50/cwt	\$6.50/cwt	Soybeans	\$5.00/bu	\$5.00/bu	Other oilseeds	\$0.096/lb	\$0.093/lb	Upland cotton	\$0.52/lb	\$0.52/lb	ELS cotton	\$0.7977/lb	\$0.7977/lb	Peanuts	\$355/ton	\$355/ton	Graded wool	\$1.00/lb	\$1.00/lb	Nongraded wool	\$0.40/lb	\$0.40/lb	Mohair	\$4.20/lb	\$4.20/lb	Honey	\$0.60/lb	\$0.60/lb	Small chickpeas	\$7.56/cwt	\$7.43/cwt	Lentils	\$11.94/cwt	\$11.72/cwt	Dry peas	\$6.33/cwt	\$6.22/cwt
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Marketing loan repayment rates allow producers to repay commodity loans at a rate that is less than the original loan rate plus interest when market prices are below commodity loan rates.	Marketing loans were for wheat, feed grains, upland cotton, rice, soybeans, and other oilseeds. Marketing loan repayment rates were based on local, posted county prices (PCPs) for wheat, feed grains, and oilseeds or the prevailing world market price for rice and upland cotton. PCPs were calculated (and posted) by the government each day the Federal Government was open, except for other oilseeds which were calculated weekly. Prevailing world market prices for rice and upland cotton were also calculated	Marketing loan provisions are continued for wheat, feed grains, oilseeds, upland cotton, and rice. Marketing loan provisions are extended to peanuts, wool, mohair, honey, small chickpeas, lentils, and dry beans.																																																									

	on a weekly basis.	
Loan deficiency payments (LDPs) provide an alternative way for producers to receive marketing loan benefits.	To reduce administrative costs, loan deficiency payments were available when market prices were lower than commodity loan rates. LDPs were available to producers, and amounted to the difference between the commodity loan rate and the producer's loan repayment rate under marketing loan provisions. LDPs were available for all loan commodities except ELS cotton.	Loan deficiency payments are continued with minor modifications. LDPs were extended to peanuts, wool, mohair, honey, small chickpeas, lentils, and dry beans. Unshorn pelts (wool), hay, and silage are eligible for LDPs.
	The Agricultural Risk Protection Act of 2000 allowed producers who elected to use acreage planted to wheat, barley, oats, or triticale for the grazing of livestock to be eligible to receive LDPs. Payment quantity was determined by multiplying the acreage grazed times the PFC payment yield for that covered commodity on the farm.	No change.

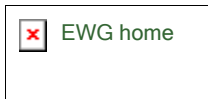
Provisions	1996-2001 farm legislation	2002 Farm Bill
<p>Dairy Two major Federal dairy programs are currently in place: milk price support and Federal milk marketing orders.</p> <div data-bbox="293 390 469 443" style="border: 1px solid black; height: 25px; width: 100%;"></div>		
<p>Federal milk marketing orders classify and fix minimum prices according to the products in which milk is used.</p>	<p>Federal milk marketing orders were consolidated into 11 orders, down from 33. Multiple basing points for the pricing of milk were authorized. California was permitted to maintain its own fluid milk standards. The Fluid Milk Promotion Program was extended through 2002.</p>	<p>Federal milk marketing orders continue.</p>
<p>Northeast Dairy Compact</p>	<p>The Secretary, upon the finding of a compelling public interest in the area, was authorized to allow the New England region to enter into a dairy compact. Authority for the compact was subsequently extended until September 30, 2001.</p>	<p>The dairy compact is not reauthorized.</p>
<p>Price support is provided through government purchases of butter, nonfat dry milk, and cheese.</p>	<p>The minimum support price for milk containing 3.67% of butterfat declined from \$10.35 per hundredweight in 1996 to \$9.90 in 1999 (\$0.15 per year) and was maintained through government purchases of butter, nonfat dry milk, and cheese. Price support was to be eliminated after December 31, 1999, but was extended until May 31, 2002, in supplemental legislation. The Secretary could distribute price support between nonfat dry milk and butter in a manner that minimizes Commodity Credit Corporation (CCC) expenditures. Authority to adjust support prices for butter and nonfat dry milk was limited to twice per calendar year.</p>	<p>The minimum support price for milk is fixed at \$9.90 per cwt for milk containing 3.67% butterfat. Other provisions are extended.</p>
<p>National dairy market loss payments</p>	<p>Market loss assistance payments authorized in supplemental legislation were paid to dairy producers in 1999-2001.</p>	<p>A national dairy market loss payments (DMLP) program is established. Producers enter into contracts ending on September 30, 2005. A monthly direct payment is to be made to qualifying dairy farm operators when the monthly Class I price in Boston (Federal Marketing Order 1) is less than \$16.94 per cwt.</p> <p>The payment rate is 45% of the difference between \$16.94/cwt and the Class I price in the Boston milk marketing order for the applicable month.</p>

		<p>The payment quantity for a producer equals the quantity of eligible production marketed by the producer during the month.</p> <p>Producers, on an operation-by-operation basis, may receive payments on no more than 2.4 million pounds of milk marketed per year. Retroactive payments will be made covering market losses due to low prices since December 1, 2001. Producers may not reorganize dairy operations for the sole purpose of receiving additional payment.</p>
<p>Dairy Export Incentive Program (DEIP) subsidizes exports of U.S. dairy products. Under DEIP, the CCC is required to make payments, on a bid basis, to an entity that sells U.S. dairy products for export.</p>	<p>DEIP was extended to 2002. The Secretary must authorize subsidies sufficient to export the maximum volume of dairy products allowable under the Uruguay Round-GATT (UR-GATT), subject to UR-GATT funding limits. DEIP is to be used for market development purposes.</p>	<p>DEIP was extended to 2007.</p>

Provisions	1996-2001 farm legislation	2002 Farm Bill
Miscellaneous		
<p>Uruguay Round compliance. The Uruguay Round Agreement on Agriculture puts a maximum allowable level on trade-distorting domestic support programs as measured by the aggregate measurement of support (AMS). The ceiling on U.S. AMS support declined from \$23.1 billion in 1995 to \$19.1 billion in 2000. The \$19.1-billion ceiling continues until a new WTO agreement is reached.</p>		<p>If the Secretary determines that the AMS ceiling will be exceeded, the Secretary shall, to the maximum extent practicable, adjust expenditures to avoid exceeding allowable levels. Before making any adjustments, the Secretary is required to submit a report to Congress on the adjustments to be made.</p>
<p>Permanent law refers to those laws that would be in force to authorize various agricultural programs in the absence of all temporary amendments (farm acts).</p>	<p>Maintained permanent law and temporarily suspended provisions of the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949. Some unused and outdated provisions were repealed.</p>	<p>Maintained permanent law and temporarily suspended provisions of the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949.</p>
Payment limits	Set limits at \$40,000 per person	Continues payment limitations

	<p>for payments on production flexibility contract payments. Maintained limits at \$75,000 on marketing loan gains and loan deficiency payments for 1 or more contract commodities or oilseeds. Supplemental legislation increased limits on marketing loan gains to \$150,000 for 1999, 2000, and 2001.</p>	<p>at \$40,000 per person for direct payments. Sets a limit of \$65,000 for counter-cyclical payments. Limits marketing loan benefits at \$75,000. Producers with adjusted gross income of over \$2.5 million, averaged over 3 years, are not eligible for payments, unless more than 75% of adjusted gross income is from agriculture. Special reference is made to a \$75,000 limit for wool and mohair marketing loan benefits. Peanuts are subject to separate payment limits for direct payments, counter-cyclical payments, and marketing loan benefits.</p>
3-entity rule	<p>Under the 3-entity rule, an individual farmer could receive up to twice the payment per year in total contract payments and marketing loan gains on 3 separate farming operations (a full payment on the first operation and up to a half payment for each of 2 additional entities).</p>	<p>The 3-entity rule is maintained.</p>
Conservation compliance	<p>To remain eligible for specified program benefits, farmers cropping highly erodible land were required to implement an approved conservation plan (highly erodible land conservation provisions). Producers had to be in compliance with wetland conservation provisions (swampbuster).</p>	<p>Participants must continue to maintain conservation plans, including compliance with conservation and wetland provisions to receive payments (see Title II).</p>
CCC interest rate	<p>The interest rate on Commodity Credit Corporation loans, which reflected the cost to the CCC to borrow from the U.S. Treasury (1-year Treasury bills), was increased by 1 percentage point above the 1-year Treasury bill rate.</p>	<p>No change.</p>
Crop insurance is available for a wide variety of crops, but not always in each locality where a crop is grown. The premiums are federally subsidized.	<p>Beginning with CY 1997, dual delivery of crop insurance by the Farm Service Agency and private insurance agents was eliminated in States (or portions of States) that have adequate access to private crop insurance providers.</p>	<p>No changes to basic program. Crop insurance provisions are covered in Title X.</p>

	Supplemental assistance for 1999 and 2000 provided additional insurance subsidies.	
Adjusted Gross Revenue Pilot Program (AGR)	Agricultural Risk Protection Act of 2000 (ARPA) provided an additional \$8.2 billion for insurance premium subsidies for 2001-05. ARPA raised premium subsidies with the goal of increasing insurance participation and encouraging use of higher coverage levels. ARPA also set revenue insurance subsidies at the same premium subsidy rates as for yield insurance.	ARPA provision (scheduled to go into effect in 2006) that allowed selection of continuous levels, rather than coverage level at fixed intervals, was eliminated.
	The Risk Management Agency initiated a pilot AGR insurance program in 1999 to offer coverage for crops for which traditional crop insurance is not available. Insurance coverage under AGR, based on Adjusted Gross Revenue on Internal Revenue Service Schedule F, covered gross revenue from all farm commodities. AGR was initially offered in selected counties in 5 States; its availability was increased in 2001 to 17 States. In 2002, it was available in these 17 States.	Requires that the AGR Pilot Program be continued through at least 2004 in the counties where it was offered in 2002. Requires that at least 8 counties in California and at least 8 counties in Pennsylvania be added to the pilot program in 2003.
Study feasibility of producer indemnification from government-caused disasters	No similar provisions.	The Secretary is required to conduct a study of the feasibility of expanding crop insurance and noninsured crop assistance coverage to include disaster conditions caused primarily by Federal action restricting access to irrigation water.
Farm income estimates. USDA develops income estimates to support analyses of the financial performance of farms and the economic well-being of households. These estimates also support development of the National Income Accounts prepared by the Bureau of Economic Analysis.	Not previously included in farm legislation.	Extends coverage of farm income estimates by directing the Secretary to include in all farm income projections: 1) estimates of net farm income for all commercial producers, and 2) separate estimates of net farm income for commercial producers of livestock, loan commodities, and other agricultural commodities.



EWG Farm Subsidy Database

EWG Farm Subsidy Database

Details of USDA subsidies paid to **St Brigid's Farm** of Kennedyville, MD 21645:

From 1996 through 2001, USDA subsidy payments to this recipient totaled **\$39,918**.



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SUBSIDY CATEGORY	PAYMENTS IN 1996	PAYMENTS IN 1997	PAYMENTS IN 1998	PAYMENTS IN 1999	PAYMENTS IN 2000	PAYMENTS IN 2001	TOTAL 1996-2001
Total USDA - Subsidies	\$0	\$0	\$6	\$1,848	\$7,984	\$30,080	\$39,918
Subtotal, Farming Subsidies	\$0	\$0	\$0	\$1,768	\$7,904	\$0	\$9,672
Market Loss Assistance - Non-Commodity	\$0	\$0	\$0	\$1,768	\$6,128	\$0	\$7,896
Market Loss Assistance - Dairy	\$0	\$0	\$0	\$1,768	\$6,128	\$0	\$7,896
Loan Deficiency Payments	\$0	\$0	\$0	\$0	\$1,764	\$0	\$1,764
Loan Deficiency - Corn	\$0	\$0	\$0	\$0	\$1,764	\$0	\$1,764
Misc. Farm - Subsidies	\$0	\$0	\$0	\$0	\$12	\$0	\$12
Interest Penalty Payments	\$0	\$0	\$0	\$0	\$12	\$0	\$12
Subtotal,	\$0	\$0	\$6	\$80	\$80	\$30,080	\$30,246

Questions

Conservation Programs								
Conservation Reserve Program	\$0	\$0	\$6	\$80	\$80	\$80	\$246	
CRP - Annual Land Rental	\$0	\$0	\$6	\$80	\$80	\$80	\$246	
Env. Quality Incentive Program	\$0	\$0	\$0	\$0	\$0	\$30,000	\$30,000	
EQIP - Regular	\$0	\$0	\$0	\$0	\$0	\$30,000	\$30,000	

USDA county office from which subsidies were paid:	Amount Paid:	Most recent address on file in USDA county office:
Kent County, MD	\$39,918	St Brigid's Farm Kennedyville, MD 21645
<i>Total:</i>	<i>\$39,918</i>	

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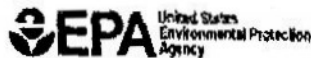
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Conservation Security Program

The 2002 Farm Security and Rural Investment Act (FSRIA) establishes a new program entitled the Conservation Security Program (CSP). This program is the first time that a farm bill has contained provisions for “green” payments. CSP provides incentive payments for implementing conservation practices on working land.

The language for CSP is in Title II, Subtitle A of FISRA (pp 94 – 104). The program runs from FY03 to FY07 and is funded at \$2 billion. CSP is designated as an entitlement program meaning the funds must be available for any producer who wishes to participate.

The purpose of CSP is to “assist producers of agricultural operations in promoting ... conservation and improvement of the quality of soil, water, air, energy, plant and animal life and other conservation purposes as determined by the Secretary.”

To achieve these purposes the CSP uses a three tiered approach. The producer will voluntarily choose the tier for participation. The producers must have an approved conservation security plan to be eligible.

CSP is available for all crop, grassland, prairie, improved pasture and rangeland except land in the CRP, WRP, the Grassland Reserve Program and land used for cropland that had not been planted for at least four of the past six years. There are some special provisions whereby a producer could simultaneously participate in the CRP or WRP and the CSP but only with approval of the Secretary and a reduction in the CSP payment. In addition, only forested land that is incidental to the agricultural operation is eligible.

The CSP covers costs for adoption of new management, vegetation, and land based structural practices. In addition, CSP will also cover costs for maintenance of existing land management and vegetative practices. The CSP does not allow payment for maintenance of existing structures if the structures are already covered by a maintenance requirement.

The payments for the CSP are composed of two parts. First, there is a base payment. The base payment is based on the average national per acre rental rate for a specified use during 2001 or an appropriately adjusted rate to ensure regional equity.

The second portion of the CSP payment is the average county cost of adopting or maintaining the practice for the 2001 crop year. Average county costs are determined by the Secretary.

Tier I is the base level of participation in CSP. At this level the farmer signs a five-year plan that addresses at least one

resource of concern for the enrolled portion of the agricultural operation. The farmer is paid 5 percent of the base payment plus 75 percent for the cost of the practice chosen. A beginning farmer receives 90 percent of the practice cost.

Tier II is a second level of participation. The farmer signs a 5 to 10 year contract that addresses at least 1 resource of concern for the entire agricultural operation. The farmer is paid 10 percent of the base payment plus 75 percent (90 percent for beginning farmers) of the average cost for the practices chosen.

Tier III is the highest level of participation. In this tier the farmer signs a 5 to 10 year plan that applies a resource management system addressing all resources of concern for the entire agricultural operation. The farmer is paid 15 percent of the base payment plus 75 percent (90 percent for beginning farmers) of the average practice costs.

The maximum annual payment for Tier I is \$20,000. For Tier II the maximum, annual payment is \$35,000 and for Tier III the maximum, annual payment is \$45,000.

Farmers are eligible for enhanced payments if they do extra activities. These activities include using multiple conservation practices, participating in research, demonstrations or pilot projects, and carrying out an assessment of their plan.

It is important to remember that CSP covers new practices as well as maintenance of existing practices. There are a number of eligible practices including nutrient management, integrated pest management, residue management, air quality, energy, rotations, and others.

The CSP contracts can be modified at any time with approval by the Secretary and producer. In addition, they may be terminated, by the producers, without having to refund payments received, if the farmer is in compliance with the terms of the contract at the time of termination. Finally, if there is a change in the land tenure interest the contract is terminated unless the new operator agrees to the contract continuation and there is written notification given within 60 days.

The CSP represents a significant change in the approach to the government farm programs. It could represent a boost to farmers’ income. The national average cropland rent in 2001 was \$71 per acre. Assuming this is the price used, a farmer in Tier I would receive \$3.55 per acre for the base payment. If the practice cost was \$10 per acre, for example, the farmer would receive an additional \$7.50 per acre. The total payment, then, would be \$11.05 per acre. This amount could

be increased if the farmer participated in any of the activities for enhanced payment.

At this writing the final rules have not been written. The NRCS handbook will be used to identify the eligible practices. The State Conservationist, in consultation with others, will determine the resources of concern for an area. The law states that the rules must be written within 270 days of enactment of the bill.

Table 1: Summary of Conservation Security Program Participation Levels

<u>Tier</u>	<u>Base Pay Rate*</u>	<u>Length</u>	<u>Maximum Annual Payment</u>	<u>Minimal Requirements**</u>
I	5%	5 years	\$20,000	address one resource of concern on enrolled portion
II	10%	5 – 10 years	\$35,000	address one resource of concern for entire farm
III	15%	5 – 10 years	\$45,000	system for all resources of concern for entire farm

* Base payment is 2001 national average rental rate for a specified use or an appropriately adjusted rate to ensure regional equity.

** Resource of concern determined at the state level

Prepared by Mike Duffy,
extension economist.

File: Economics 1-8

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USDA's Approach to Nonpoint Source Pollution Control

Animal Husbandry & Clean Water Programs
Natural Resources Conservation Service

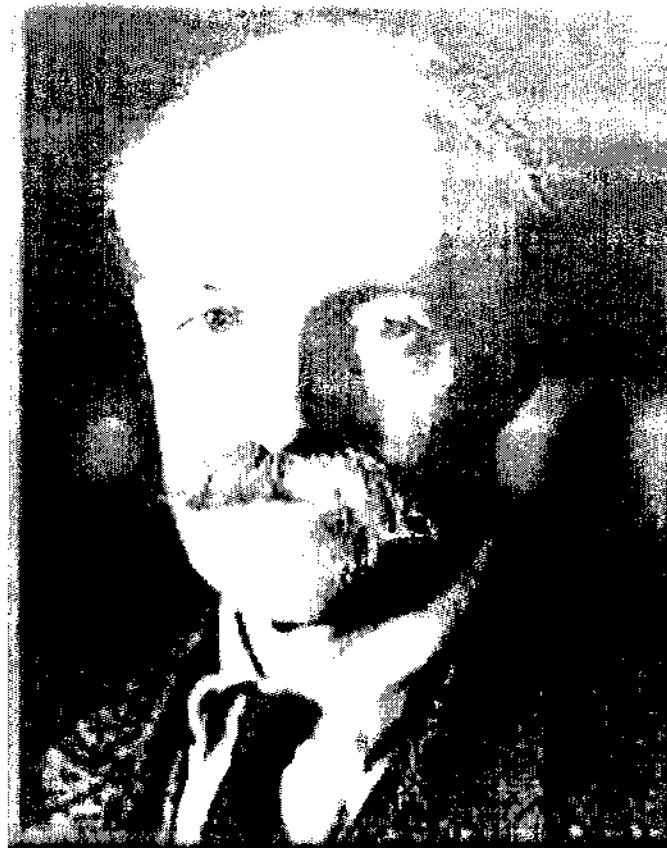
August 20, 2002

USDA's Approach to Nonpoint Source Pollution Control

- USDA Water Quality Historical Perspective
- Natural Resource Approach in USDA
- USDA Principal Water Quality Agencies
- USDA Conservation Programs
- Conservation Planning, Practices, and Standards
- Water Quality Partnership Stories
- USDA Commitment to Natural Resource Conservation

USDA Historical Perspective

- Late 1800's - Division of Forestry, Interior Dept.
- 1905 - Forest Service, Agriculture Dept.
- Gifford Pinchot and President Theodore Roosevelt
- Conservation Movement



Gifford Pinchot

USDA Historical Perspective

- 1911 - Soil Surveys Of “Rough Gullied Land”
- 1928 - Soil Erosion: A National Menace

“...Evil Of Erosion ...”

“... Waste Material
Marching Down To
The Gulf Of Mexico ...”



Hugh Hammond Bennett
Father of Soil Conservation

USDA Historical Perspective



- 1933 - Soil Erosion Service
- 1935 - Soil Conservation Act Established Soil Conservation Service
- 1937 - Authorization for Soil and Water Conservation Districts

Partnerships

- 3,000 Soil and Water Conservation Districts
- Public and Private
- Local
- State
- Tribal
- Federal / National

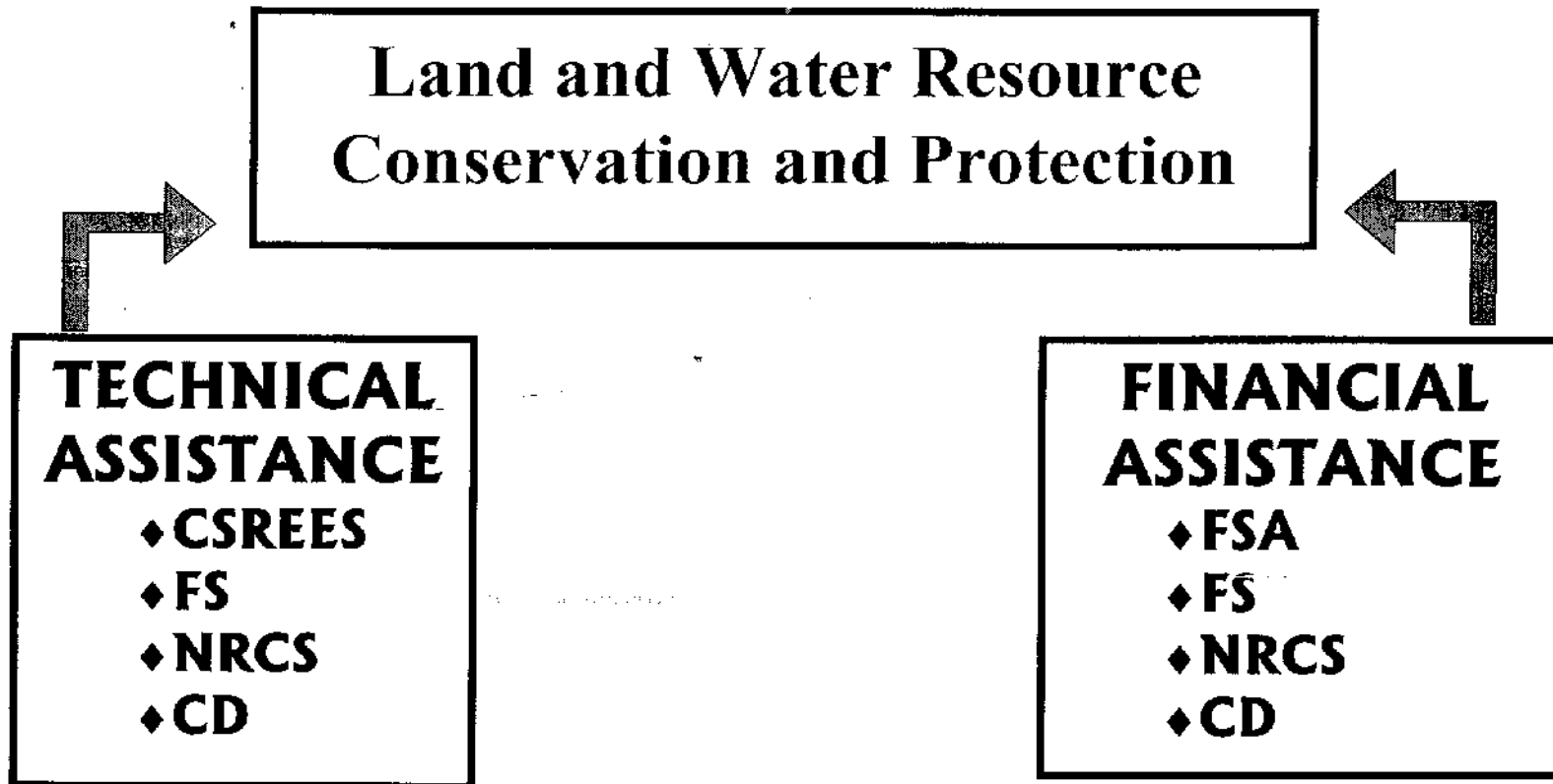


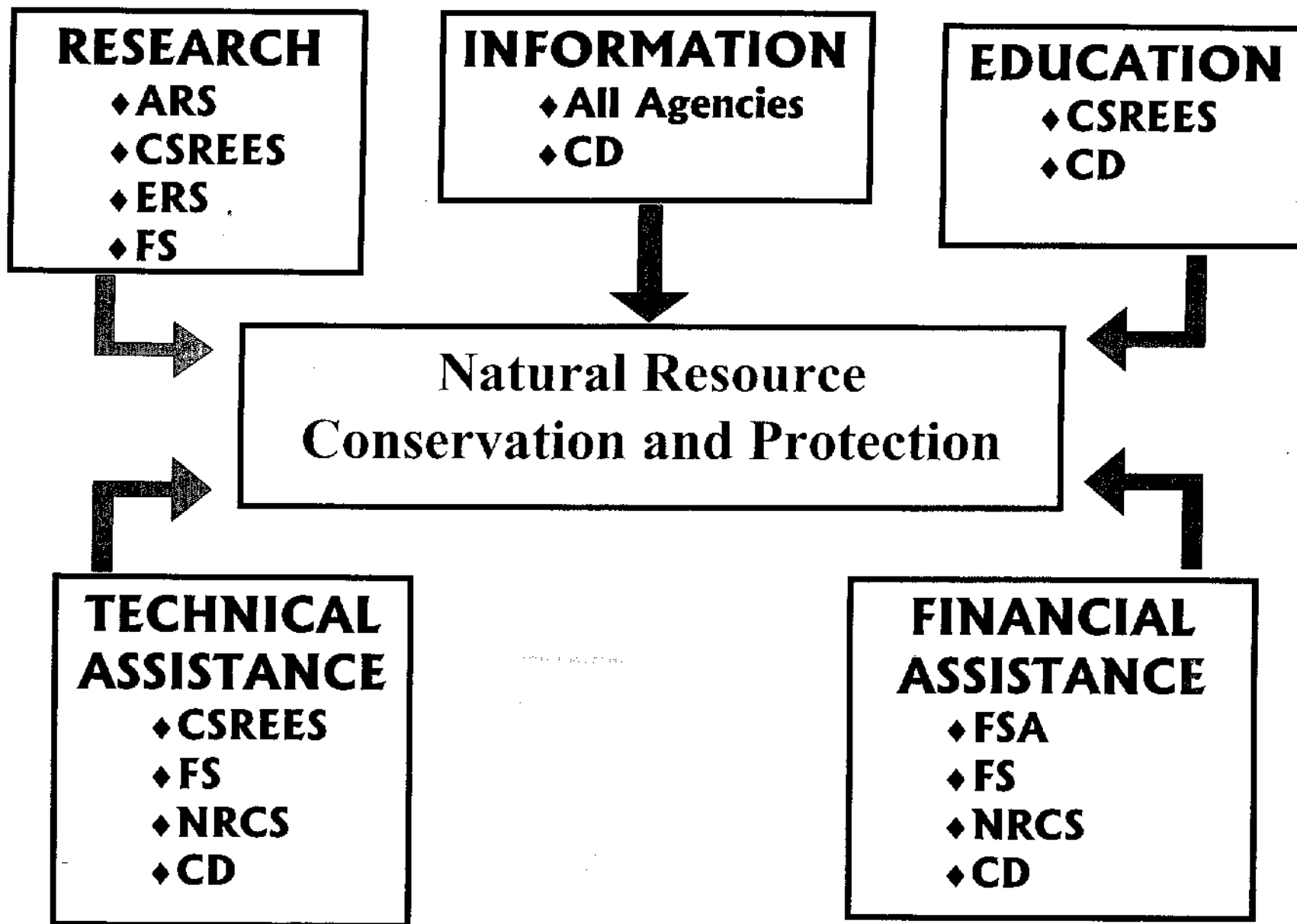


USDA Natural Resource Approach

- Voluntary, incentive-based approach
- Science-based, site-specific solutions
- Partnership with locally led processes
- Adaptive management
- Regulation serves a complementary role - “Bad Actors”

USDA Natural Resource Approach





USDA Natural Resource Principles

- Locally led efforts
- Involvement of stakeholders (landowners & operators, communities, Local Work Groups, State Technical Committees)
- Research provides the scientific basis for decisions
- Education instills knowledge for improved decisions

USDA Natural Resource Principles

- Information improves understanding of opportunities
- Technical assistance brings the technical knowledge and information to bear on natural resource conditions
- Financial assistance helps to share the cost for social benefits

USDA's Primary Conservation Programs - Private Landowners

- Conservation Technical Assistance
- Environmental Quality Incentives Program
- Wetlands Reserve Program
- Conservation Reserve Program
- Conservation Reserve Enhancement Program
- Small Watershed Program

Conservation Technical Assistance (CTA)

- MOU with conservation districts
- Technical assistance
- Conservation planning and implementation
- Develop and transfer technology (Centers & Institutes)

Conservation Technical Assistance (CTA)

- National Resources Inventory
- Snow Surveys
- Grazing Lands Conservation Initiative
- Plant Materials Centers

Environmental Quality Incentives Program (EQIP)

- Established in the 1996 Farm Bill.
- EQIP replaced:
 - Agricultural Conservation Program (ACP)
 - Water Quality Incentives Program (WQIP)
 - Great Plains Conservation Program (GPCP)
 - Colorado River Salinity Control Program (CRSP)
- Commodity Credit Corporation Funds

Environmental Quality Incentives Program (EQIP)

- Features of EQIP:
 - Technical and financial assistance
 - Assists farmers and ranchers in resolving environmental and natural resource concerns
 - Helps producers to comply with environmental laws
 - Enhances available State and local funding

Wetlands Reserve Program (WRP)

- Established in the 1990 Farm Bill
- To place in reserve, protect, and enhance wetlands
- Eligible Land:
 - Agricultural land that has wetland attributes, previously had wetland attributes, and where wetland attributes can be restored

Conservation Reserve Program (CRP)

- Established in the 1985 Farm Bill
- Payments to reserve certain land:
 - Annual rental payments
 - Incentive payments for certain activities
 - Cost-share payments to establish vegetative cover
- Long-term, resource-conserving vegetative cover

Conservation Reserve Program (CRP)

- Improvement to soil, water, and wildlife resources
- 10 and 15 year contracts
- Offers ranked according to Environmental Benefits Index Factors:
 - Water Quality Benefit
 - Soil Erosion Control
 - Wildlife Habitat Benefit
 - Air Quality Benefit
 - Cost

Conservation Reserve Enhancement Program (CREP)

- Established in the 1996 Farm Bill
- Offspring of CRP
- State-Federal land retirement program
- Address State and nationally significant agriculture-related environmental effects
- State proposed CREP conservation priority areas
- States provide additional financial incentives to producer
- 10 to 15 year contracts

Small Watershed Protection Program

- Plan and implement watershed protection and flood prevention projects
- To protect watersheds from damage caused by erosion, sediment & floodwater
- Structural, nonstructural, and land treatment measures
- Financial and technical assistance
- Watersheds are 250,000 acres or less

Small Watershed Protection Program

- Natural resource concerns addressed:
 - Water quality
 - Watershed protection
 - Erosion & sediment control
 - Water conservation & storage capacity
 - Wetlands creation & restoration
 - Flood damages
 - Agricultural, silvicultural, municipal, industrial, fish, & wildlife water needs

Conservation Plan

- Identifies conservation practices and systems, and associated management - operation
- Meets soil, water, air, plant, and animal (SWAPA) resource goals – quality criteria
- Producer is decision maker
- Actions are conservation practices
- Sensitive to economic considerations

Common Sense Solutions Through Conservation Planning

- Identify concerns/problems
- Define producer objectives
- Assess the problem and its causes
- Develop alternatives to solve the problem
- Select an approach/alternative to solve the problem

Comprehensive Nutrient Management Plan (CNMP)

- CNMP is a part of a conservation plan
- Addresses resource objectives affected by animal production
- Focus is water quality
- Only for animal feeding operations
- Sensitive to economic considerations

Pest Management and Technical Assistance

- Pest management is a component of a conservation plan
- Developed in accordance with pest management standard (595)
- Accommodates producer's management system, including organic or sustainable systems
- Strives to balance economics, efficacy, and environmental risk into planning alternatives

NRCS Role In Pest Management

- Evaluating environmental risks associated with pest management recommendations
- Developing appropriate mitigation alternatives to minimize risks
- Assisting clients with:
 - adoption of Integrated Pest Management
 - development of pest management component of overall conservation plan

Support for the Conservation Planning Process

Policy

- General Manual
- State Technical Committees
- Water Quality Policy

Technical Tools & References

- Field Office Technical Guide
- Soil Survey
- Customer Service Toolkit
- Other Natural Resource Databases
- Software Applications

Guidance

- NPP Handbook
- CNMP Technical Guidance
- Technical Notes
- Manuals

Evaluations

- Follow-up With Landowners
- Status Reviews

What is a Conservation Practice?

- A conservation practice is:
 - a structural or vegetative measure,
 - a management technique, commonly used to meet specific natural resource concerns
- Conservation planning identifies needed conservation practice or practices to address natural resource concerns

Examples of Conservation Practices

- Nutrient Management
- Pest Management
- Residue Management
- Animal Waste Storage Facility
- Grassed Waterway
- Filter Strip
- Grade Stabilization Structure
- Irrigation Water Management

NRCS National Handbook of Conservation Practices

- Contains 159 baseline national conservation practice standards
- Each state adapts the practices usable in their state to meet local conditions
- Each standard is revised at least every five years

Best Management Practice (BMP)

- Originated from the Clean Water Act
- Single practice or combination of practices
- Effective and practical means to reduce nonpoint source pollution

BMP Characteristics

- Generally do not stand alone in solving water quality problems
- May or may not meet NRCS conservation practice standards
- Not all NRCS conservation practices are BMPs because they may treat resource concerns other than water quality

Origins of Conservation Practices and BMPs

- Research conducted by USDA research agencies, land grant universities, and other research organizations
- Innovative farmers and ranchers
- Professional conservationists

Development of a Practice Standard

- Response to specific needs or problems
- Science used is a combination of research incorporated with practical applications
- Requires practical, working knowledge of science of land and water conservation and farming/ranching operations

Development of a Practice Standard

- Developed in cooperation with:
 - USDA Agricultural Research Service
 - Land Grant Universities
 - Research institutions - public and private
 - Agribusiness
 - Farmers and ranchers
 - Field conservationists
- Developed from field research, on-farm field trials, on-farm demonstrations

Development of a Practice Standard

- Reviewed by NRCS, public, and private sector scientists and specialists
- Federal Register for public comment
- State Conservationist determines the applicability of national practice standards to the state
- Consults with State Technical Committee
- Tailored to local conditions (e.g., climate, soils, state and local regulations, etc.)

Practice v. Water Quality Standards

Practice Standards

- Performance Standards
- Indicators of WQ Improvement
- Not Quantitative
- Nonpoint Sources

Water Quality Standards

- Quantifiable
- Tied to Intended Use
- Point Sources

Priority Needs to Increase BMP Adoption

- Better linkage between implementing conservation BMPs and measuring improvements in natural resource protection or enhancement
- Greater assurance that BMPs will achieve environmental and production goals
- Social and cultural considerations
- Better economic information on BMPs

Priority Needs to Increase BMP Adoption

- Less labor intensive implementation requirements
- Increased accessibility of education, technical, and financial assistance
- Increased access to insurance policies to minimize risk

West Virginia's Potomac Headwaters Land Treatment Water Quality Project

- 2.2 million acres
- Intensive animal agriculture
- 100% increase in poultry production since 1993
- 1,700 miles of high quality streams

West Virginia's Potomac Headwaters Land Treatment Water Quality Project

- **Locally Identified Concerns:**
 - Water quality (algal blooms, fecal bacteria, etc.)
 - Limited land availability for nutrient application
 - Stream health and impacts on tourism and trade
 - Economic and environmental viability of farms

West Virginia's Potomac Headwaters Land Treatment Water Quality Project

- Funding Sources:
 - PL-534 - one of 11 projects authorized
 - State Revolving Loan Funds
 - 319 Grants
 - EQIP
 - CRP
- Outcomes:
 - 85% landowner participation
 - Livestock waste and poultry litter managed under 10 year contracts
 - Met or exceeded compliance expectations

Illinois Rivers 2020 – Illinois Rivers Restoration Program

- \$2.5 billion, 20 year Federal-State Initiative to restore and enhance the Illinois River Basin
 - Builds on the Illinois River CREP
 - Voluntary, incentive-based approach
 - Addresses threats to the economic and environmental sustainability of Illinois River Basin
 - Does not create a new bureaucracy

Illinois Rivers 2020 – Illinois Rivers Restoration Program

- Moves beyond studies and maintaining status quo to:
 - Enhance the waterway as a vital transportation corridor
 - Improve water quality within the Basin
 - Protect farmland and open space
 - Provide land treatment for upland areas
 - Restore, enhance and preserve habitat for plants and animals

Illinois Rivers 2020 – Illinois Rivers Restoration Program

- Three-component program that requests additional funds for:
 - Farm Bill Programs (EQIP, CRP, CREP, WRP, WHIP, FPP)
 - Section 319 of Clean Water Act
 - Water Resources Development Act
- Federal dollars to provide for expanded voluntary, incentive-based efforts in the Illinois River Basin

Cheney Lake Water Quality Project

Cheney Reservoir-South Central Kansas

- Drinking water for 40-60% of Wichita
- Drainage area is 99% agricultural
- Nonpoint source pollution threats
 - Livestock Production - manure
 - Crop production - fertilizers, pesticides

Cheney Lake Water Quality Project - Partnerships

- Local landowners
- City of Wichita
- Soil and Water Conservation
Districts
- NRCS
- FSA
- CSREES
- Private citizens

Cheney Lake Water Quality Project

- Funding Sources:
 - Kansas State Cost Share Program
 - CRP
 - EQIP
 - 319 Grants
- Outcomes:
 - 17% (105,000 acres) of watershed enrolled in CRP
 - 77,000 tons of manure prevented from entering the lake annually.

Lessons Learned from Prior USDA Water Quality Efforts

- Enhanced collaboration in watershed monitoring and research is needed
- Information access and decision support assistance are key elements



Lessons Learned from Prior USDA Water Quality Efforts

- Economic and social benefits are drivers of clean water activities
- Management of land and water resources on a watershed basis



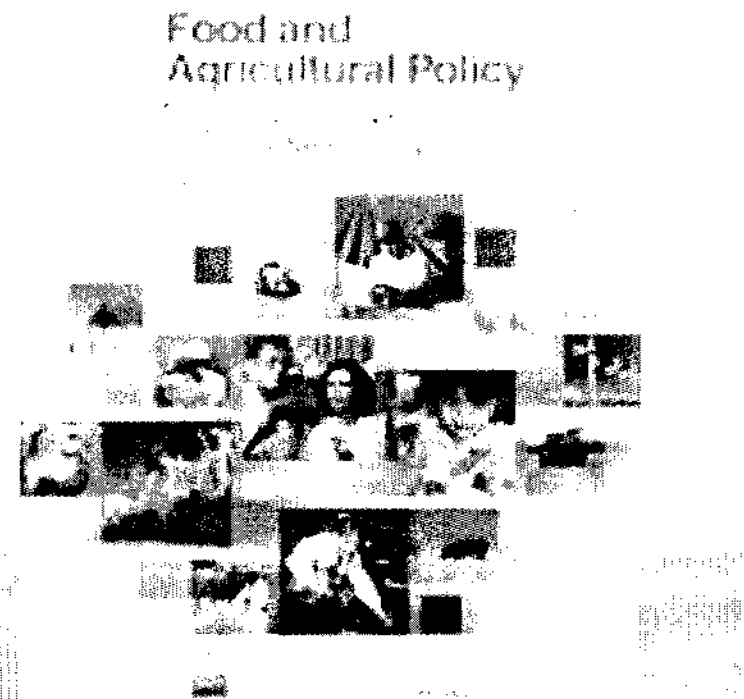
USDA Commitment

- Local, State, & Tribal decision making
- Voluntary action
- Research and science-based technologies
- Highly skilled & trained employees to provide technical assistance
- Incentives for stewardship



USDA Policy

- USDA “Food and Agricultural Policy: Taking Stock for the New Century”
- A portfolio approach:
 - Land retirement
 - Stewardship
 - Conservation compliance
 - Regulatory assistance



“...carefully designed ...

... each where most appropriate...”

Farm Bill

- Conservation Titles in 1985, 1990, 1996 Farm Bills
- Conservation Title in 2002 Farm Bill
- 2002 Farm Bill authorizes increased \$\$\$ to natural resource conservation programs

Fact Sheet

June 2002

Environmental Quality Incentives Program

Overview

The Environmental Quality Incentives Program (EQIP) is a voluntary conservation program that promotes agricultural production and environmental quality as compatible National goals. Through EQIP, farmers and ranchers may receive financial and technical help to install or implement structural and management conservation practices on eligible agricultural land.

EQIP was reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill). The Natural Resources Conservation Service (NRCS) administers EQIP. Funding for EQIP comes from the Commodity Credit Corporation.

How EQIP Works

EQIP activities are carried out according to an EQIP plan of operations developed in conjunction with the producer. Contracts for confined livestock feeding operations require development and implementation of a comprehensive nutrient management plan (CNMP). This plan is approved by the local conservation district. Practices are subject to NRCS technical standards adapted for local conditions. Farmers and ranchers may elect to use an approved third-party provider for technical assistance.

EQIP applications are accepted throughout the year. NRCS evaluates each application using a state and locally developed evaluation process. Higher priorities are given to applications that encourage the use of cost-effective conservation practices, address National conservation priorities, and optimize environmental benefits.

State Technical Committees, Tribal representatives, and local working groups convened by the conservation district advise NRCS on implementation of the program to address identified resource needs and concerns.

EQIP may pay up to 75 percent of the costs of certain conservation practices important to improving and maintaining the health of natural resources in the area. Incentive payments may be made to encourage a producer to adopt land management practices, such as nutrient management, manure management, integrated pest management, irrigation water management, and wildlife habitat management, or to develop a CNMP and components of a CNMP. Limited resource farmers and beginning farmers may be eligible for up to 90 percent of the cost of conservation practices.

EQIP offers contracts with a minimum term of one year after implementation of the last scheduled practice and a maximum term of ten years. These contracts provide incentive payments and cost share payments for implementing conservation practices.

Total cost-share and incentive payments are limited to \$450,000 per individual over the period of the 2002 Farm Bill, regardless of the number of farms or contracts. Starting in fiscal year 2003, no individual or entity may receive EQIP payments in any crop year in which the individual or entity's average adjusted gross income for the preceding three years exceeds \$2.5 million, unless 75 percent of that income is from farming, ranching, or forestry interests.

Conservation Innovation Grants

EQIP provides opportunities for Conservation Innovation Grants, which are competitive grant awards to stimulate innovative approaches to environmental enhancement and protection, in conjunction with agricultural production.

The Secretary of Agriculture is authorized to use EQIP funds each fiscal year from 2003 to 2007 to award grants to government or non-government organizations or individuals that leverage Federal funds to implement innovative approaches to conservation. Grant amounts may not exceed 50 percent of the total cost of each project.

Conservation Innovation Grants provide the opportunity for the U.S. Department of Agriculture (USDA) to work with other public and private entities to accelerate technology transfer and implementation of promising technologies to address the Nation's most pressing agricultural related natural resource problems. Agricultural producers, particularly those facing the most difficult challenges, will benefit by having more options for enhancing the environment and meeting Federal, State, and local regulations.

Ground and Surface Water Conservation

EQIP provides for additional funding specifically to promote ground and surface water conservation activities to improve irrigation systems; convert to the production of less water intensive agricultural commodities; improve water storage through measures such as water banking and groundwater recharge; or institute other measures that improve groundwater and surface water conservation, as determined by the Secretary.

Assistance to a producer may be provided only to facilitate a conservation measure that results in a net savings in groundwater or surface water resources in the agricultural operation of the producer. This provision is funded for fiscal years 2002 through 2007.

Eligibility

Producers engaged in livestock or crop production on eligible land may apply for the program. Eligible land includes cropland; rangeland; pasture; private non-industrial forestland; and other farm or ranch lands, as determined by the Secretary.

For More Information

If you need more information about EQIP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farmbill/2002/>



Visit USDA on the Web at:
<http://www.usda.gov/farmbill>

Fact Sheet

May 2002

Wildlife Habitat Incentives Program

Overview

The Wildlife Habitat Incentives Program (WHIP) is a voluntary program that encourages creation of high quality wildlife habitats that support wildlife populations of National, State, Tribal, and local significance. Through WHIP, the Natural Resources Conservation Service (NRCS) provides technical and financial assistance to landowners and others to develop upland, wetland, riparian, and aquatic habitat areas on their property.

WHIP is reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill). Through WHIP, NRCS works with private landowners and operators; conservation districts; and Federal, State, and Tribal agencies to develop wildlife habitat on their property. Funding for WHIP comes from the Commodity Credit Corporation.

Benefits

Since WHIP began in 1998, nearly 11,000 participants have enrolled more than 1.6 million acres into the program. Most efforts have concentrated on improving upland wildlife habitat, such as native prairie, but there is an increasing emphasis on improving riparian and aquatic areas. The 2002 Farm Bill greatly expands the available tools for improving wildlife habitat conditions across the Nation.

Species that have benefited from WHIP activities include the grasshopper sparrow, bobwhite quail, swift fox, short-eared owl, Karner-blue butterfly, gopher tortoise, Louisiana black bear, Eastern collared lizard,

Bachman's sparrow, ovenbird, and acorn woodpecker.

How WHIP Works

Conservation districts convene local work groups to identify local wildlife habitat priorities. The local work groups then provide input to the State Technical Committee that advises the State conservationist in the development of a State WHIP plan. The State WHIP plan serves as a guide for the development of the State WHIP ranking criteria.

Persons interested in entering into a cost-share agreement with the U.S. Department of Agriculture (USDA) to develop wildlife habitat may file an application at any time. Participants voluntarily limit future use of the land for a period of time, but retain private ownership.

NRCS works with the participant to develop a wildlife habitat development plan. This plan becomes the basis of the cost-share agreement between NRCS and the participant. NRCS provides cost-share payments to landowners under these agreements that are usually 5 to 10 years in duration, depending upon the practices to be installed.

There are shorter-term agreements to install practices that are needed to meet wildlife emergencies, as approved by the NRCS State conservationist. NRCS also provides greater cost-share assistance to landowners who enter into agreements of 15 years or more for practices on essential plant and animal habitat. NRCS can use up to 15 percent of its available WHIP funds for this purpose.

NRCS does not place limits on the number of acres that can be enrolled in the program or the amount of payment made; however, some States may choose to establish such requirements. NRCS welcomes projects that provide valuable wildlife habitat and does not want to discourage any landowner who desires to implement practices that will improve habitat conditions for declining species.

NRCS continues to provide assistance to landowners after completion of habitat development activities. This assistance may be in the form of monitoring habitat practices, reviewing management guidelines, or providing basic biological and engineering advice on how to achieve optimum results for targeted species.

Applications are accepted through a continuous sign-up process. Applications may be obtained and filed at any time with your local USDA Service Center or conservation district office. Applications also may be obtained through USDA's e-gov Internet site at: www.sc.egov.usda.gov. Enter "Natural Resources Conservation Service" in the Agency field, "Wildlife Habitat Incentives Program" in the Program Name field, and "CCC-1250" in the Form Number field. Applications also may be accepted by cooperating conservation partners approved or designated by NRCS.

Eligibility

Eligible lands under the program are:

- Privately owned land;
- Federal land when the primary benefit is on private or Tribal land;
- State and local government land on a limited basis; and
- Tribal land.

If land is determined eligible, NRCS places emphasis on enrolling:

- Habitat areas for wildlife species experiencing declining or significantly reduced populations;
- Practices beneficial to fish and wildlife that may not otherwise be funded; and
- Wildlife and fishery habitats identified by local and State partners and Indian Tribes in each State.

For More Information

If you need more information about WHIP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farmbill/2002/>



Visit USDA on the Web at:
<http://www.usda.gov/farmbill>

Fact Sheet

May 2002

Wetlands Reserve Program

Overview

The Wetlands Reserve Program (WRP) is a voluntary program that provides technical and financial assistance to eligible landowners to address wetland, wildlife habitat, soil, water, and related natural resource concerns on private lands in an environmentally beneficial and cost-effective manner. The program provides an opportunity for landowners to receive financial incentives to enhance wetlands in exchange for retiring marginal land from agriculture. WRP is reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill). The Natural Resources Conservation Service (NRCS) administers the program. Funding for WRP comes from the Commodity Credit Corporation.

Benefits

WRP participants benefit by:

- Receiving financial and technical assistance in return for restoring and protecting wetland functions and values;
- Seeing a reduction in problems associated with farming potentially difficult areas; and
- Having incentives to develop wildlife recreational opportunities on their land.

Wetlands benefit the Nation by providing fish and wildlife habitat; improving water quality by filtering sediments and chemicals; reducing flooding; recharging groundwater; protecting biological diversity; as well as providing opportunities for educational, scientific, and recreational activities.

How WRP Works

Landowners and Tribes may file an application for a conservation easement or a cost-share

restoration agreement with the U.S.

Department of Agriculture (USDA) to restore and protect wetlands. Participants voluntarily limit future use of the land, but retain private ownership.

The program offers three enrollment options:

Permanent Easement. This is a conservation easement in perpetuity. Easement payments for this option equal the lowest of three amounts: the agricultural value of the land, an established payment cap, or an amount offered by the landowner. In addition to paying for the easement, USDA pays 100 percent of the costs of restoring the wetland.

30-Year Easement. Easement payments through this option are 75 percent of what would be paid for a permanent easement. USDA also pays 75 percent of restoration costs.

For both permanent and 30-year easements, USDA pays all costs associated with recording the easement in the local land records office, including recording fees, charges for abstracts, survey and appraisal fees, and title insurance.

Restoration Cost-Share Agreement. This is an agreement (generally for a minimum of 10 years) to re-establish degraded or lost wetland habitat. USDA pays 75 percent of the cost of the restoration activity. This enrollment option does not place an easement on the property. Other agencies, conservation districts, and private conservation organizations may provide additional assistance for easement payments and wetland restoration costs as a way to reduce the landowner's share of the

costs. Such special partnership efforts are encouraged.

NRCS and its partners, including conservation districts, continue to provide assistance to landowners after completion of restoration activities. This assistance may be in the form of reviewing restoration measures, clarifying technical and administrative aspects of the easement and project management needs, and providing basic biological and engineering advice on how to achieve optimum results for wetland dependent species.

Applications are accepted through a continuous sign-up process. Applications may be obtained and filed at any time with your local USDA Service Center or conservation district office. Applications also may be obtained through USDA's e-gov Internet site at: www.sc.egov.usda.gov. Enter "Natural Resources Conservation Service" in the Agency field, "Wetlands Reserve Program" in the Program Name field, and "CCC-1250" in the Form Number field.

Eligibility

To offer a conservation easement, the landowner must have owned the land for at least 12 months prior to enrolling it in the program, unless the land was inherited, the landowner exercised the landowner's right of redemption after foreclosure, or the landowner can prove the land was not obtained for the purpose of enrolling it in the program. To participate in a restoration cost-share agreement, the landowner must show evidence of ownership.

To be eligible for WRP, land must be restorable and be suitable for wildlife benefits. This includes:

- Wetlands farmed under natural conditions;
- Farmed wetlands;
- Prior converted cropland;
- Farmed wetland pasture;

- Farmland that has become a wetland as a result of flooding;
- Range land, pasture, or production forest land where the hydrology has been significantly degraded and can be restored;
- Riparian areas which link protected wetlands;
- Lands adjacent to protected wetlands that contribute significantly to wetland functions and values; and
- Previously restored wetlands that need long-term protection.

Ineligible Land. Ineligible land includes wetlands converted after December 23, 1985; lands with timber stands established under a Conservation Reserve Program contract; Federal lands; and lands where conditions make restoration impossible.

Uses of WRP Land

On acreage subject to a WRP easement, participants control access to the land and may lease the land for hunting, fishing, and other undeveloped recreational activities. At any time, a participant may request that additional activities be evaluated to determine if they are compatible uses for the site. This request may include such items as permission to cut hay, graze livestock, or harvest wood products. Compatible uses are allowed if they are fully consistent with the protection and enhancement of the wetland.

For More Information

If you need more information about WRP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farmbill/2002/>



Visit USDA on the Web at:
<http://www.usda.gov/farmbill>

Fact Sheet

Nationwide Permit for Agricultural Activity

Introduction

On June 7, 2000, the U.S. Army Corps of Engineers' (Corps) new and revised nationwide permits became effective, including nationwide permit 40 for agricultural activities. The nationwide permit establishes which agency--the Natural Resources Conservation Service (NRCS) or the Corps--has the lead for reviewing farmers' and ranchers' wetland conversion activities. This approach eliminates review by both agencies, which could result in different decisions for the same project.

NRCS and the Corps want landowners to know which agency has the lead for conducting wetland conservation evaluations with the other agency accepting the decisions. NRCS developed guidance to help farmers, ranchers, and NRCS staffs understand which agency has the lead for a particular project.

Amendment 5 of the National Food Security Act Manual

New guidance is necessary due to the lower acreage thresholds and pre-construction notifications established by the Corps. NRCS will continue to conduct certified wetland determinations in accordance with the wetland conservation provisions of the Food Security Act of 1985, as amended, for USDA program participants. The new guidance reduces duplication and confusion when both section 404 of the Clean Water Act and the wetland conservation provisions of the 1985 Farm Bill apply and explains which agency is responsible for making the wetland impact decision.

Currently, farmers and ranchers may obtain a USDA wetland conservation exemption first, only to find that the Corps may disagree with or modify the NRCS decision.

Guidelines

Farmers and ranchers are required to contact the Corps when using nationwide permit 40 for agricultural conversions involving an area that is **greater than one-half acre or located within the 100 year floodplain**. Landowners also must contact the Corps when using any other nationwide permit that requires a pre-construction notification to the Corps. For other projects where NRCS is the lead Federal agency, the Corps will accept NRCS' wetland decision.

Farmers and ranchers should give NRCS a copy of the Corps permit in order to be granted a USDA-Corps permit exemption.

As resources allow, NRCS will continue to help farmers and ranchers develop mitigation and restoration plans upon request, including projects where the Corps is the lead Federal agency.