



SEEKING
**COMMON
GROUND**
FOR CONSERVATION

**An Agricultural
Conservation Policy Project**
by the Soil and Water Conservation Society

PRELIMINARY FINDINGS

Project overview

The Soil and Water Conservation Society has undertaken a two-year project to help key stakeholders and policymakers shape the conservation provisions of the 2002 farm bill. SWCS will achieve that goal by (1) working with agricultural and conservation leaders at state and local levels to identify ways to improve U.S. agricultural conservation policy and programs, (2) helping translate those ideas into proposals for incremental and large-scale change in the conservation provisions of the farm bill, and (3) communicating the meaning and importance of the proposals to policymakers and opinion-leaders.

SWCS invited state and local leaders with first-hand experience of the strengths and weaknesses of current conservation policy and programs to a series of five regional workshops. Participants representing the agricultural, water quality, and fish and wildlife communities were asked to develop two agendas for the reform of agricultural conservation policy and programs: (1) An incremental agenda, consisting of refinements in existing programs that would allow current authorities and programs to work better for agriculture and the environment, and (2) an agenda for large-scale change in our nation's approach to land stewardship that would dramatically accelerate progress toward improving the economic health and environmental performance of farms and ranches. SWCS also convened a policy advisory group to help translate the ideas developed by workshop participants into proposals for reform of the conservation provisions of the farm bill.

This document presents some preliminary findings from this project.

Summary

Agriculture faces a dramatically expanded conservation and environmental agenda. Workshops participants agreed that—at current levels of funding—U.S. Department of Agriculture conservation programs cannot meet producers' demands or the public demand for conservation and environmental quality. Many more producers ask for conservation assistance than can be accommodated, and local, state, and federal conservation initiatives—voluntary and regulatory—are multiplying. Most participants expected the gap between demand for conservation assistance and its supply to widen over the next few years unless action is taken soon.

Expand the Reach of Existing USDA Conservation Programs

Participants universally agreed that expanding the reach of existing USDA conservation programs is the best way to close the assistance gap. Participants offered the following specific actions to expand the reach of these programs:

- Provide about \$5 billion dollars in conservation funding—roughly double fiscal year 2000 estimated funding for technical and financial assistance programs.
- Enhance the quality and quantity of technical assistance available to landowners, communities, and governments, from both public and private sectors.
- Make sure conservation programs work for all regions of the country—eliminate bias toward producers of row crops and provide more authority at the state level to tailor programs to state and local needs.
- Strike a better balance between financial assistance for land retirement and land treatment—despite broad support for CRP, many participants felt strongly that, relatively, too much money is now spent on taking land out of production and too little is spent on keeping land in production in an environmentally sustainable fashion.
- Simplify the application and planning process for participating in USDA con-

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conservation programs—participants resisted proposals to shift administration of programs, merge administration of programs, or consolidate individual programs, but they recommended eliminating, or at least coordinating, sign-up periods and consolidating application and planning processes.

- Provide regulatory assurance for USDA conservation program participants by unifying planning and technical standards among local, state, and federal agencies; providing one-stop shopping for landowners and land managers; and creating “safe harbor” options for producers.

Reform Commodity and Risk Management Programs

Participants agreed that agricultural commodity and risk management programs should not encourage producers to use and manage land in ways that exacerbate conservation problems. There was sharp disagreement, however, on the degree to which current commodity and risk management programs actually create incentives to break out sensitive land or intensify production. Participants offered three measures to blunt incentives to break out sensitive land or intensify production:

- Decouple support payments from agricultural production.
- Provide all farms and ranches with equitable forms of support.
- Strengthen conservation compliance provisions.

Participants disagreed, however, over the degree to which those three measures should be implemented. There was nearly universal support for continuing current conservation compliance and swampbuster provisions and broad support for attaching those provisions to all commodity and risk management programs, particularly crop insurance. There was substantial support for broadening the reach of compliance provisions to include basic soil conservation practices on all agricultural land, but with a real reluctance to divert conservation personnel from implementing conservation programs to implementing expanded compliance provisions and increasing tensions between landowners and conservation staff.

A New Vision for Agriculture

Most participants wanted to go beyond closing the conservation assistance gap to making stewardship a fundamental justification for public support of agriculture—but not at the expense of existing conservation programs. Participants recommended the following components of such a stewardship-based policy:

- Reward good stewards who have done the right things without financial assistance.
- Keep people on the land by integrating conservation with economic support for farmers, ranchers, and rural communities.
- Scale payments to reflect the level of conservation effort and environmental goods and services produced.
- Make all agricultural producers and all agricultural land eligible for participation.
- Address conservation needs comprehensively on farms and ranches.
- Allow one-stop shopping for planning, administration, and regulatory assurance.

Although most workshop participants agreed with the broad outlines of this agenda, there were real differences of opinion regarding which elements of the agenda should receive higher priority, how best to implement the agenda, and the conservation and environmental issues they sought to address.

Preliminary Findings

SWCS has completed a preliminary analysis of the ideas and recommendations put forward by participants in the five regional workshops. Our analysis has been assisted by the 15 members of a policy advisory committee who have reviewed summaries of the workshops and met once to discuss the meaning and significance of the messages we heard at each workshop. We are presenting these preliminary findings in three categories:

- Expanding the reach of existing conservation programs.
- Reform of agricultural commodity and risk management programs.
- A new, stewardship-based vision for agriculture.

Expanding the Reach of Existing Programs

There was nearly unanimous agreement among participants that expanding the reach of existing USDA conservation programs should be the most important conservation objective of the next farm bill. Participants recommended a combination of increased funding and programmatic reform to achieve this objective, but they agreed that more funding is by far the most important factor. Increased funding, they argued, is the only way to address the multiple, legitimate conservation priorities while avoiding destructive competition for inadequate conservation funding among regions, priorities, and producers.

More Money for Conservation. There was universal agreement that the single most important way to close the conservation assistance gap is to dramatically increase funding for technical and financial assistance programs within USDA. Participants in three or more regional workshops called for increases of the following magnitudes:

- *Technical Assistance:* Increase by 50 to 100 percent over current levels (\$900 to \$1,320 million annually based on FY 2000 estimated expenditures for USDA-NRCS Conservation Technical Assistance).
- *Conservation Reserve Program:* Expand to 45 to 60 million acres, with most recommending a 45-million-acre program (\$2,200 million to \$2,900 million based on \$48/acre average rental rate).
- *Wetlands Reserve Program:* Authorize the enrollment of 250,000 acres per year (\$210 million a year based on \$850 per acre).
- *Environmental Quality Incentives Program:* Increase to \$325 to \$500 million a year, with most recommending \$500 million annually.
- *Wildlife Habitat Incentives Program:* Increase to \$50 to \$150 million a year, with most recommending \$100 million annually.
- *Conservation of Private Grazing Land Program:* Increase to \$50 to \$120 million a year, with most recommending \$60 million.
- *Farmland Protection Program:* Increase to \$65 to \$250 million a year.

Taken together, workshop participants imagined a conservation budget for these programs ranging from \$3.7 to \$5.3 billion annually—an increase of 50 to 100 percent from FY 2000 estimated spending on these programs. Other programs recommended for funding increases by participants in fewer than three workshops included Resource Conservation and Development, Forestry Incentive Program, Stewardship Incentive Program, and PL-566 Small Watershed Program.

Enhanced Technical Support Infrastructure. Capacity to deliver high quality technical advice consistently across all counties was raised as a serious limitation in all five regional workshops. Participants experienced this limitation in six ways:

- Shortage of technically trained staff at the field level to work one-on-one with producers, communities, and other units of government on an on-going basis.
- Time lags in updating technical standards and guidelines to cover new issues, meet the needs of new users, and incorporate new science and technology.
- Limited economically feasible options from which producers can select to address conservation and environmental problems.
- Lack of tools and support for work at watershed or other geographic scales larger than a single farm or ranch operation.
- Limited ability to package and deliver farmer-friendly, multidisciplinary conservation systems that provide comprehensive solutions covering multiple tracts, programs, and problems.
- Inability to meet new demands for accountability, such as quantifying the performance of best management practices, measuring progress toward goals, and evaluating the effect and performance of conservation systems, projects, and programs.

Many participants felt that it would be a mistake to increase funding for financial assistance programs without substantial investment to strengthen the scientific and technical infrastructure—public and private—on which those programs depend. Workshop participants proposed three basic solutions:

1. Increase NRCS technical staff at all levels.
2. Provide grants to state and local governments, private commercial firms, and nonprofit organizations to develop technical capacity.
3. Facilitate the use of third-party vendors in the delivery of conservation programs, including conservation planning services, at the farm and ranch level.

There were real differences of opinion among participants regarding how that infrastructure should be strengthened. All agreed that NRCS needed more staff and needed to strengthen its applied science and technical delivery capability. NRCS was seen as the organization that best provides consistency, quality assurance, and permanence. Many participants thought that some part of any new federal funding for technical assistance should be made available to strengthen state and local government staffs that might be able to deliver assistance at lower cost than federal staff. Others urged that the private and nonprofit sectors be allowed, if not encouraged, to play a larger role in providing scientific and technical assistance at the farm, ranch, and local levels. Concerns about objectivity and potential conflicts of interest were raised in all cases when using the private sector as technical service providers was discussed. Proponents argued that training, certification, and other measures would take care of those concerns. Others argued that it would be more effective and lasting to strengthen local, state, and federal government staffs and technical capacity.

Make Conservation Programs Work for All Regions and Producers. There was general agreement among participants that conservation programs currently work better for row-crop operations than for other types of farms and ranches. As a result, there was strong sentiment among many participants that large regions of the country do not receive their fair share of conservation assistance even though they face important conservation and environmental problems. The CRP was most often used as an example of this issue—enrolled acres are concentrated in one region, the Great Plains, and only cropland is eligible for participation. As a result, many states and regions are excluded from significant participation in the one program that dominates the conservation budget in USDA.

Participants suggested various ways to provide greater regional equity in providing conservation assistance.

- Double or triple funding for EQIP, WHIP, and CPGL.
- Continue the new incentives under the continuous CRP sign-up indefinitely and/or

create a stand-alone conservation buffer program.

- Eliminate or make tree planting and cropping history requirements more flexible when enrolling land in CRP as buffers.
- Give states, through the state technical committee, CREP-like agreements, or other mechanisms, more authority and flexibility to modify the policies that determine eligibility and the ability of different production operations and agricultural land to compete for conservation assistance under all USDA conservation programs.
- Create new programs specifically targeted at conservation and protection of grazing land and riparian areas (Range Riparian Reserve Program, Grassland Easement Program).

Strike a Better Balance Between Land Retirement and Land Treatment. Striking the right balance between conservation programs that take land out of agricultural production and programs that incorporate conservation into the way production occurs was an issue at all five regional workshops. Despite the broad support for CRP, there was a broad and sometimes strongly felt sense that too much money is currently spent on taking land out of production and too little on keeping land in production in an environmentally sustainable fashion. That view, for example was expressed in the following ways:

- USDA programs should be helping keep people on the land, not take people off the land.
- Large-scale land retirement simply isn't an option in many regions of the country—different approaches are needed in those areas to address important conservation and environmental priorities.
- The greatest opportunity for environmental and conservation gains is to incorporate conservation into working farms and ranches.

Participants suggested various approaches to striking the right balance within USDA's conservation program:

- Substantially increase technical staff and the quality of technical assistance available to farmers and ranchers to incorporate conservation into their operations.
- Double or triple funding for EQIP and CPGL (but preferably not at the expense of CRP).
- Allow more economic use of land enrolled in CRP in return for lower rental payments.

Simplify Rules and Regulations. Simplifying the process of gaining eligibility and participating in USDA conservation programs was broadly proposed as a means of increasing the reach of those programs. Participants cited the complexity of program rules and regulations as a barrier to participation. Participants also cited the overlap and in some cases conflict among multiple USDA conservation programs. Understanding and working through these complexities discouraged participation and limited the effectiveness of current programs, according to participants.

Most participants, however, resisted proposals to shift administration of programs, merge administration of programs, or consolidate individual programs as solutions to the problems they identified. Proposals that received broader support included recommendations to:

- Simplify and coordinate sign-ups for programs by (a) using a continuous sign-up process for all USDA conservation programs (eliminate specified sign-up periods), (b) establishing one sign-up period that occurs at the same time each year and that applies to all USDA conservation programs, or (c) establishing one sign-up period for each USDA conservation program that occurs at the same time each year.
- Consolidate conservation planning and application processes by (a) creating a single

application form and process that can be used for all conservation programs and that can be used to apply for multiple conservation programs simultaneously and (b) creating a single conservation planning form and process that can be used for all conservation programs and that combines conservation planning for multiple program and purposes into a single plan.

Provide Regulatory Assurance. Participants noted that USDA conservation programs increasingly operate in an environment in which local, state, and federal regulatory programs play a larger role in influencing the decisions producers and program managers make. In several cases, producers are involved in voluntary and regulatory programs simultaneously. Most participants believed that this situation would become the norm rather than the exception in the next five to ten years. Participants believed it was important to design conservation and environmental policy to minimize conflict and confusion between voluntary and regulatory programs. Regulatory assurance, participants believed, could provide a powerful incentive to producers to participate in conservation programs and for early action to address environmental problems associated with agricultural production.

At a minimum, participants wanted to ensure that producers taking action based on USDA technical assistance or participating in USDA financial assistance programs would receive appropriate credit for that action under regulatory programs. To achieve that objective, participants recommended that:

- Technical practice standards and guidelines be unified among federal and state conservation and environmental agencies at the state level.
- Conservation planning processes and standards be coordinated so that conservation plans developed by one agency would be recognized by other agencies.

Many participants would prefer to go beyond these measures to create more certainty and assurance regarding compliance with local, state, and anticipated federal regulations. They would like to:

- Consolidate and unify technical standards and planning guidance so that one comprehensive plan would satisfy the requirements of regulatory programs and serve as the basis for participation in USDA conservation programs.
- Develop one-stop shopping so that producers could work with a single agency or, ideally, a single representative of a single agency in developing, implementing, and maintaining a single conservation plan that satisfies voluntary and regulatory program requirements.
- Provide producers with certainty that the management measures and conservation practices included in their conservation plan would be sufficient for compliance with regulatory programs for a specified period of time.

The safe harbor program operated by the Fish and Wildlife Service was noted as a step toward providing regulatory assurance under the Endangered Species Act, although there was doubt about its application to the Clean Water Act and state or local regulatory programs.

Reform of Commodity and Risk Management Programs

Workshop participants agreed that agricultural commodity and risk management programs should not exacerbate conservation and environmental problems by encouraging production on environmentally sensitive or fragile land or intensifying agricultural production systems. The measures suggested to achieve this objective included:

- Decoupling support payments from agricultural production.
- Providing all farms and ranches with equitable forms of support.
- Strengthening conservation compliance provisions.

There was sharp disagreement among participants on the degree to which current commodity and risk management programs actually create incentives to break out sensitive land or intensify production and, therefore, on the need to decouple payments or reduce incentives to plant row crops. Some participants felt that current programs (market transition payments, loan deficiency payments, subsidized crop insurance) do not encourage expanded production—especially in a time of low commodity prices. Others felt that although incentives created by individual programs, particularly LDPs and subsidized crop insurance, may be limited, their cumulative effect is large. Many felt they didn't have enough information to conclude one way or the other, but felt strongly that commodity and risk management programs should at least be neutral in their effect on conservation decisions.

There was nearly universal support for continuing current conservation compliance and swampbuster provisions and broad support for attaching those provisions to all commodity and risk management programs, particularly crop insurance. There was substantial support for broadening the reach of compliance provisions to include basic soil conservation practices on all agricultural land, but with a reluctance to divert conservation personnel from implementing conservation programs to implementing expanded compliance provisions and exacerbating tensions between landowners and conservation staff.

A New Vision for Agriculture

In general, participants thought that expanding the reach of existing conservation technical and financial assistance programs as described above would be sufficient to close the gap between conservation needs and conservation capacity. Most participants, however, would like to see USDA conservation policy and programs achieve broader social objectives as well as solving defined conservation problems. Those social objectives included (1) rewarding good actors and (2) keeping people on the land through conservation.

Reward Good Actors and Keep People on the Land. There was strong feeling among participants that current conservation programs often penalize farmers and ranchers who are already doing the "right thing" or who were early adopters of new conservation systems and practices. Farmers who did the right thing by keeping fragile land in pasture or rangeland, for example, are ineligible for help under the Conservation Reserve Program, while their neighbors who had broken out fragile land were paid to put that land back into grass cover. Similarly, producers who invested in good manure or nutrient management systems at their own expense watched as their neighbors received public subsidies to do the same thing. Participants felt strongly that this was both unfair and counter-productive. They wanted to find ways to reward the good actors as well as encourage others to catch up.

Participants also wanted to use conservation programs as a way to support farmers and ranchers economically, ensure a sustainable agricultural system in the long run, and support rural communities. As environmental performance becomes a more important element of commercial viability, they argued, conservation becomes a more integral part of the bottom line. Participants also wanted to find a way to turn conservation into an economic opportunity for farmers and ranchers by paying them for the environmental goods and services they produce on their operations.

Create a Stewardship-based Agricultural Policy. Participants at all five workshops outlined a stewardship-based agricultural policy as the way to achieve these two social objectives while at the same time addressing real conservation needs. In nearly all cases, however, participants saw this stewardship-based policy as a complement to existing conservation programs, not as a substitute. Most participants were not willing to give up existing

conservation programs or reduce current or proposed increases in funding for existing programs to create a stewardship-based agricultural policy.

The elements of such a stewardship-based policy developed by participants included:

- Reward good actors—pay to maintain conservation practices and systems already in place, pay to protect and maintain existing high quality habitat or sensitive areas, and pay to implement new practices and systems.
- Scale payments to reflect the level of conservation effort and environmental goods and services produced.
- Make all agricultural producers and all agricultural land eligible for participation.
- Emphasize keeping people on the land rather than restricting agricultural use of land.
- Address conservation needs comprehensively on farms and ranches.
- Emphasize fitting conservation and environmental improvement into working farms and ranches on a unit basis (single ownership) and on a landscape/watershed scale (multiple units/ownership).
- One-stop shopping through a single conservation planning process, a single application and administrative process, and regulatory assurance.

Participants suggested a multitude of ways to construct the elements of such a program. Some suggested matching block grants to states. Some suggested creating such a program as a complement to existing commodity support and risk management programs. Some suggested creating such a program as a replacement for existing commodity support and risk management programs.

Although there was general agreement about the items listed above, there were sharp differences of opinion over the following issues:

Replace or complement commodity support and risk management programs? Participants differed sharply over whether a stewardship program should be a complement to or a replacement for existing commodity support and risk management programs. Both options generated strong support and strong opposition.

Advocates for stewardship as a complement argued that farmers depended on commodity support and risk management tools for their economic survival. They also argued that there would be a serious mismatch between conservation and economic support objectives. They argued the two objectives ought to be dealt with separately.

Advocates for stewardship as a replacement for existing commodity and risk management programs argued that there was no longer any justifiable reason to subsidize farming, particularly as farm operations take on the appearance and behavior of any other business operation. They argued that a stewardship option could be designed that would provide economic support equivalent to current support programs, particularly agricultural market transition payments.

Target smaller, family-scale farming and ranching operations? Some participants argued strongly that a stewardship-based policy should be explicitly targeted to support smaller family farms and ranches. Larger, industrial scale production operations ought to be excluded from participation. Others argued just as strongly that no such restrictions should apply and that the program be available to all operations, regardless of scale or income. Those opposing targeting based on size or income argued, in some cases, that the program should be targeted at defined conservation needs and/or environmental problems. Others opposed targeting based on size or income because any such distinction would be arbitrary and unworkable.

Participants broadly agreed that a stewardship-based policy should be designed to be neutral in scale or type of farming or ranching operation. The program should, at the minimum, not discriminate against smaller operations; operations with limited access to credit, traditional farm support programs, or other economic resources; or against operations producing nontraditional products or using nontraditional production systems.



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