



NAICC

Implications of the Conservation Title in the 2008 Farm Bill

**National Association of Independent
Crop Consultants**

Memphis, Tennessee

January 29, 2009

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Center for Agribusiness and Economic Development

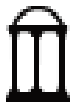
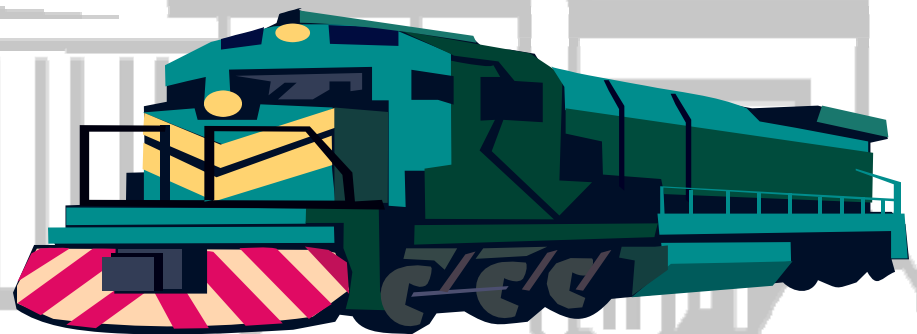
The University of Georgia



THANK YOU

Objectives

- Farm Bill program impacts: **Farmers**
- Farm Bill program impacts: **USDA**
- Farm Bill program impacts: **Advisors**
- Program considerations
- Getting on the Train

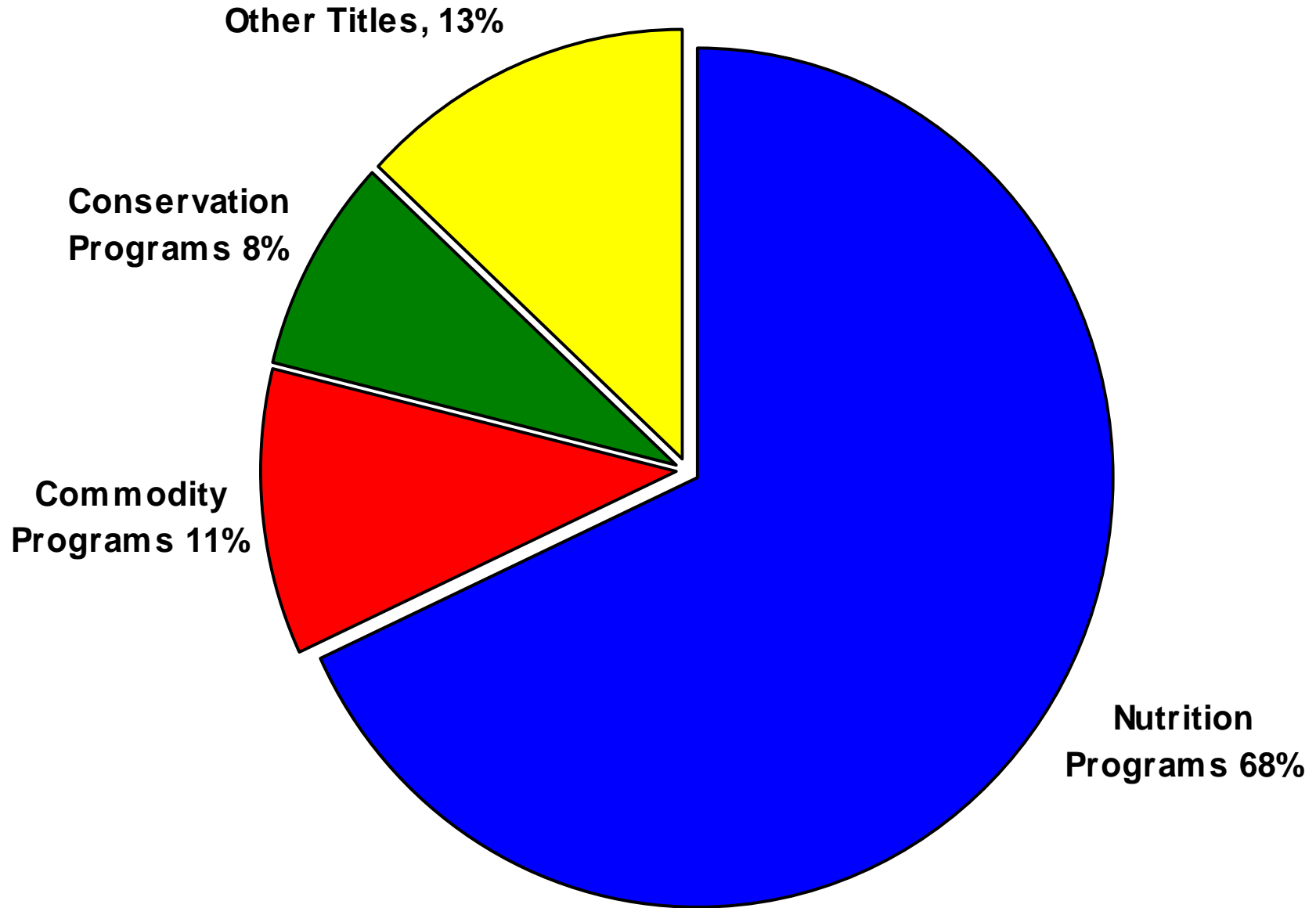


Title II – Conservation Programs

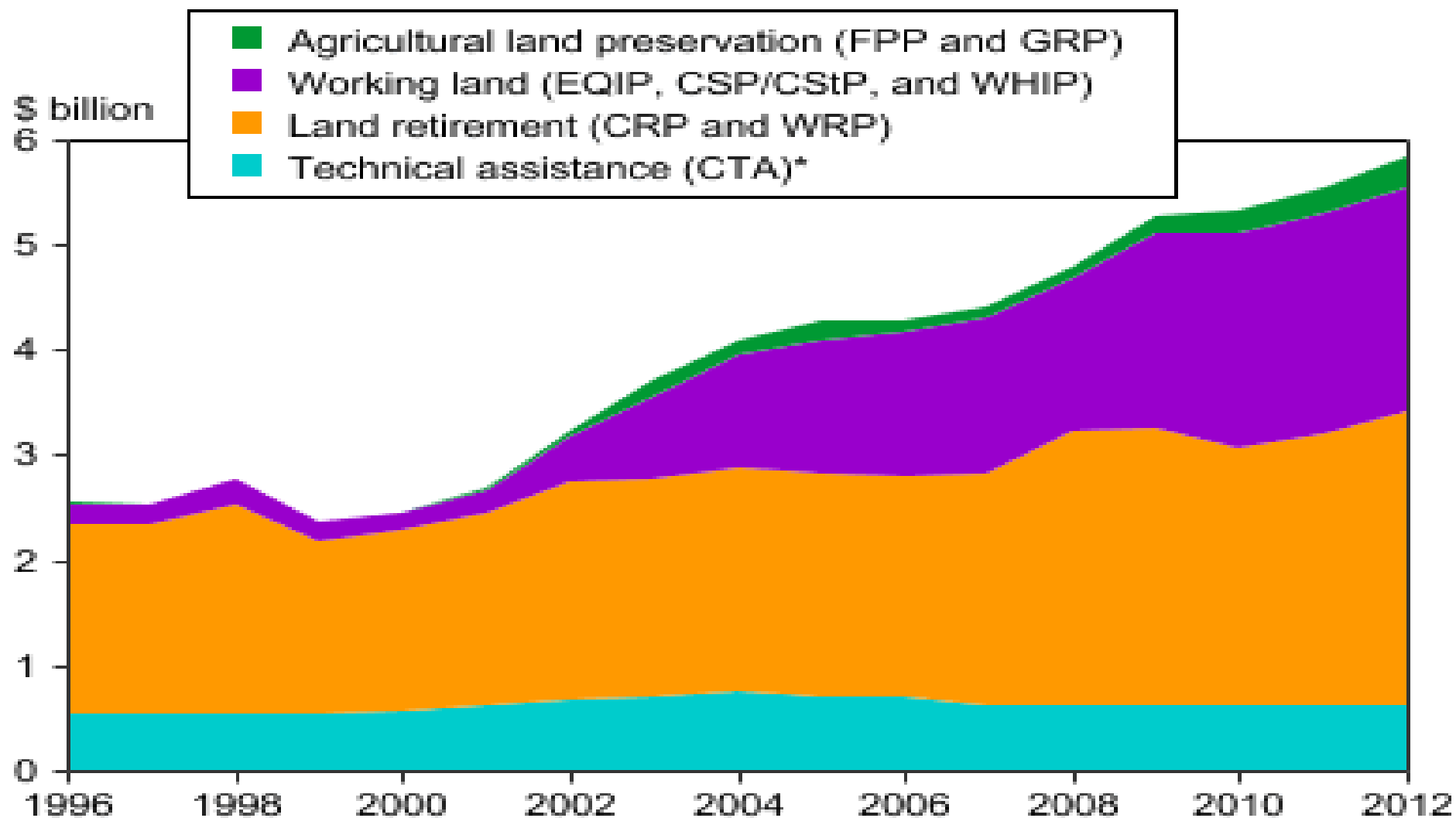
- Increases total spending on conservation programs by **\$7.9 billion**
- Continued shift in emphasis to working land programs from easement programs
- AGI payment limit of \$1,000,000 unless 2/3 of income farm related for all conservation programs



FCEA \$307 Billion 2008 - 2012



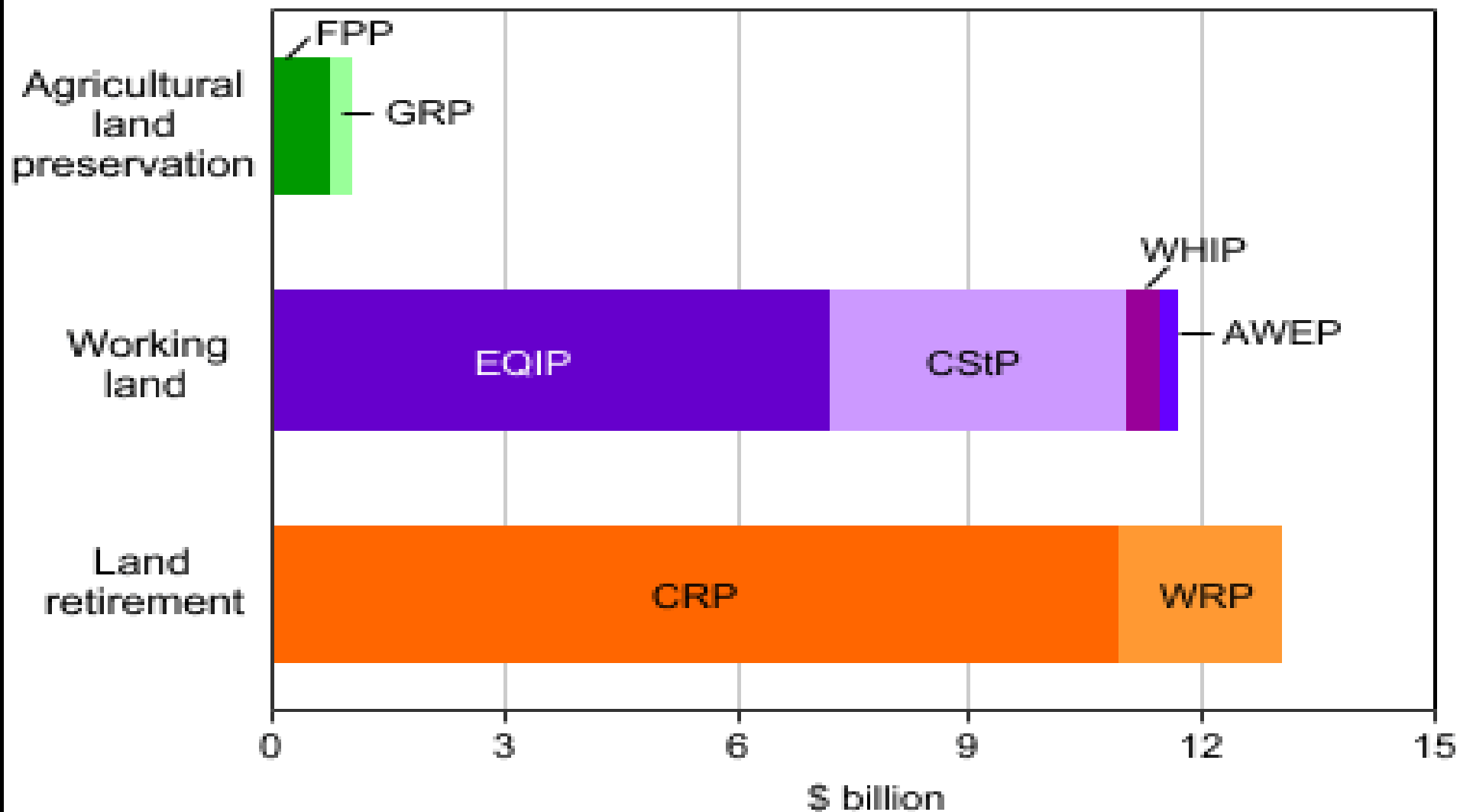
Trends in major USDA conservation program expenditures, 1996-2012



*CTA is funded through annual appropriations, assumed here to continue at the 2007 level of \$627 million through 2012.

Source: Office of Budget and Policy Analysis budget summary data (1996-2007) and Congressional Budget Office (2008-12).

Funding for major USDA conservation programs by type, 2008-12

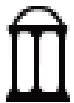


Source: Congressional Budget Office.

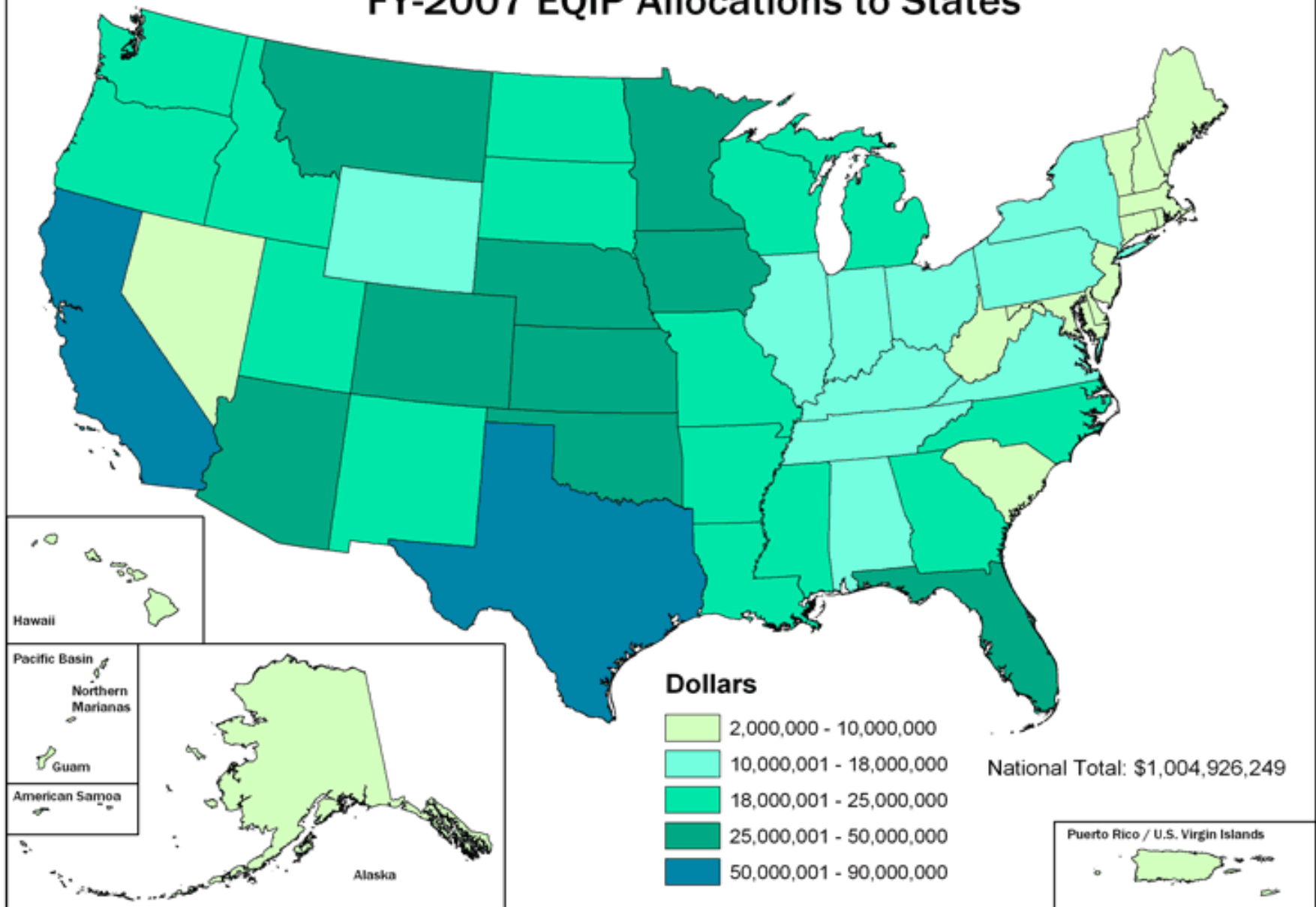
FECA Title II

Funding Increase Example

- Authorized funding for Environmental Quality Incentives Program (EQIP) - the major working-lands program - **increases 50% to about \$7.0 billion for 2008-2012**
- Average annual authorized funding increased even more, as 2008 Farm Bill life is one less year than 2002 Farm Bill – **2009 CR 70%**



FY-2007 EQIP Allocations to States

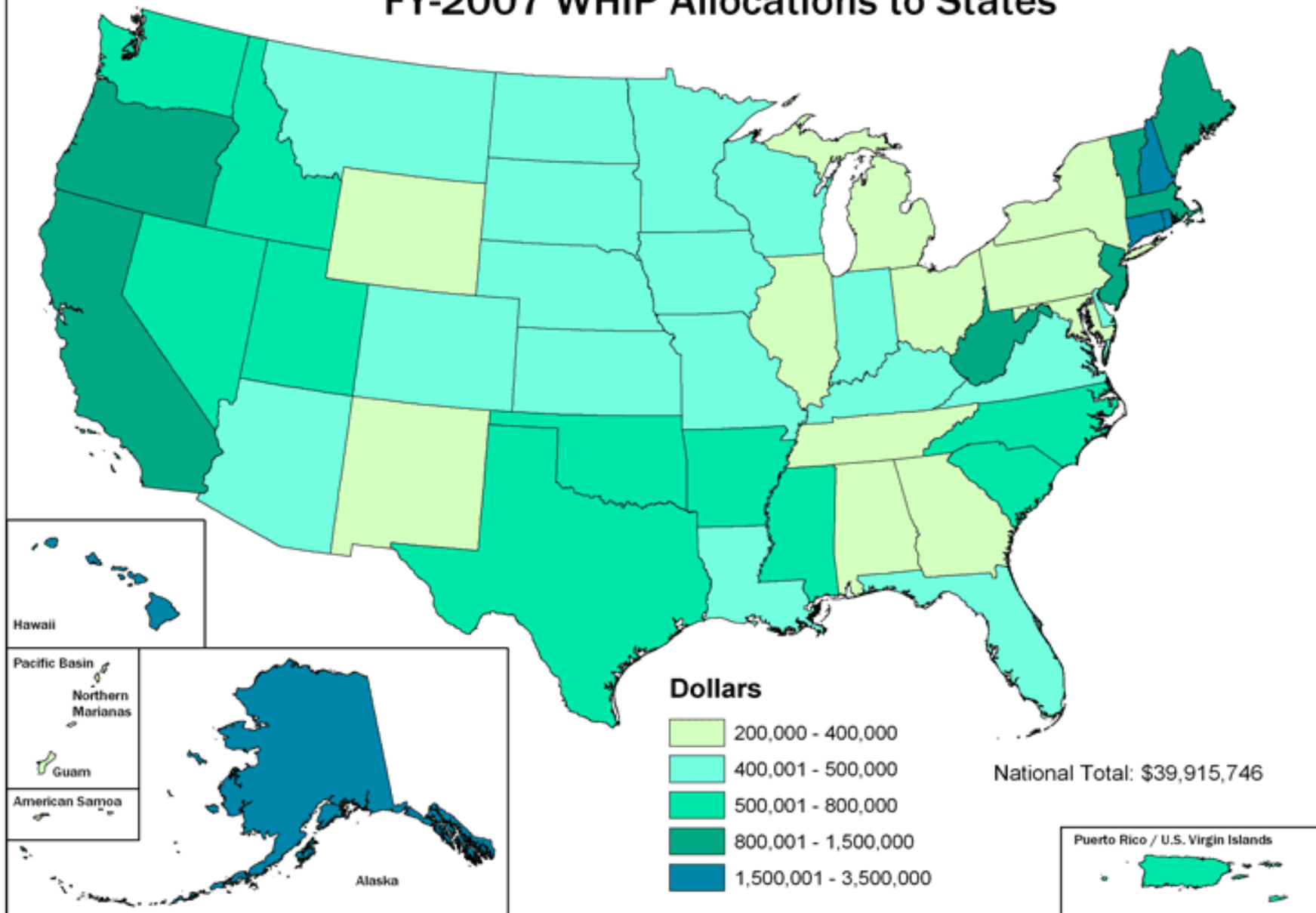


U.S. Department of Agriculture
 Natural Resources Conservation Service
 Resources Inventory and Assessment Division
 Washington, D.C. May 2007

Map ID: m9784

Source: NRCS Programs Data, 2007

FY-2007 WHIP Allocations to States

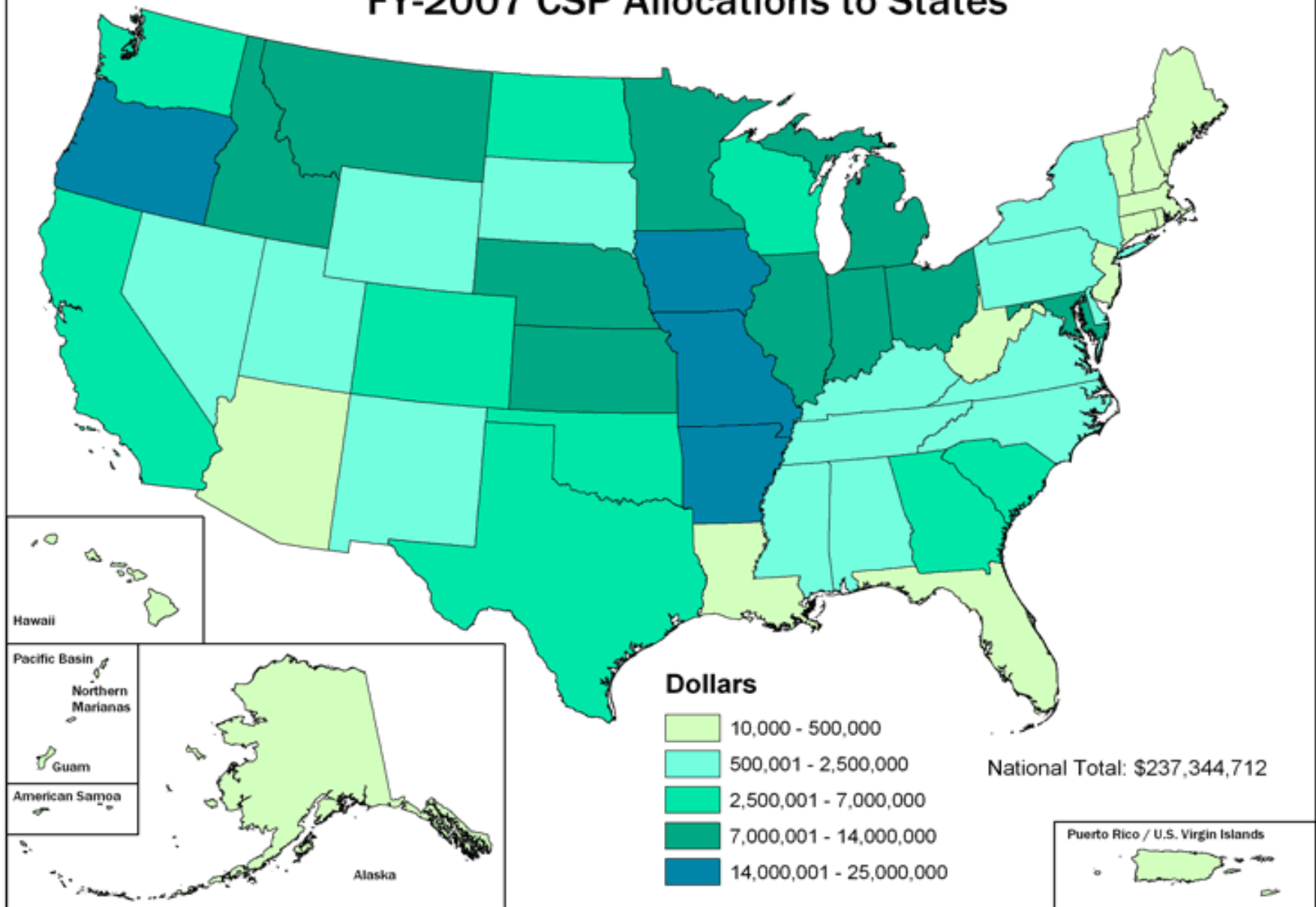


U.S. Department of Agriculture
 Natural Resources Conservation Service
 Resources Inventory and Assessment Division
 Washington, D.C. May 2007

Map ID: m9788

Source: NRCS Programs Data, 2007

FY-2007 CSP Allocations to States



U.S. Department of Agriculture
 Natural Resources Conservation Service
 Resources Inventory and Assessment Division
 Washington, D.C. May 2007

Map ID: m9785

Source: NRCS Programs Data, 2007

STA & BR

Subject

To

Appropriations

&

Budget Reconciliation



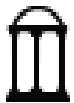
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2008 Farm Bill

White House Rural Agenda

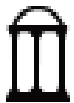
- **Encourage Organic and Local Agriculture:** Help organic farmers afford to certify their crops and reform crop insurance to not penalize organic farmers. Promote regional food systems.



White House Rural Agenda

- **Partner with Landowners to Conserve Private Lands:** Increase incentives for farmers and private landowners to conduct sustainable agriculture and protect wetlands, grasslands, and forests

<http://www.whitehouse.gov/agenda/rural/>



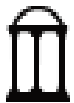
Farmers

- Need to recognize likely shift from commodity subsidies to green payments
- Regulations are coming – take advantage of incentive programs for compliance
- Conservation of natural resources will garner public support
- Conservation markets could be very lucrative



Farmers

- Environmental benefits add value to land
- Some conservation practices are economically favorable:
 - **Conservation tillage**
 - **Integrated pest management**
 - **Irrigation upgrades and efficiencies**
- Stewardship programs now rewarded (**CStP**)



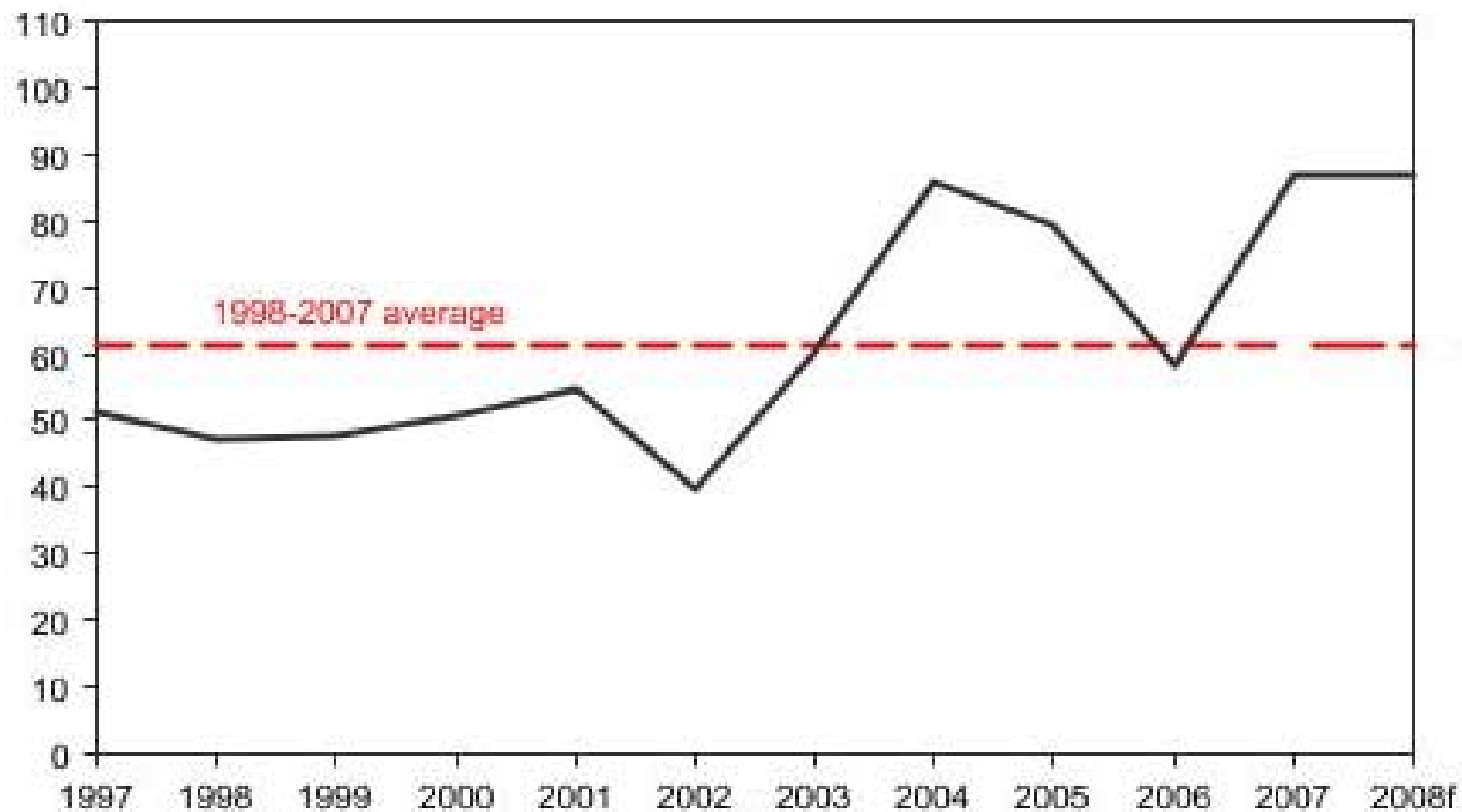
Farmers

- ***RECORDS***
- Investment in conservation practices:
 - **Equipment**
 - **Cover crops**
 - **Structures**
 - **Fencing**
 - **Water conservation**



Net farm income, 1997-2008f

Billion dollars



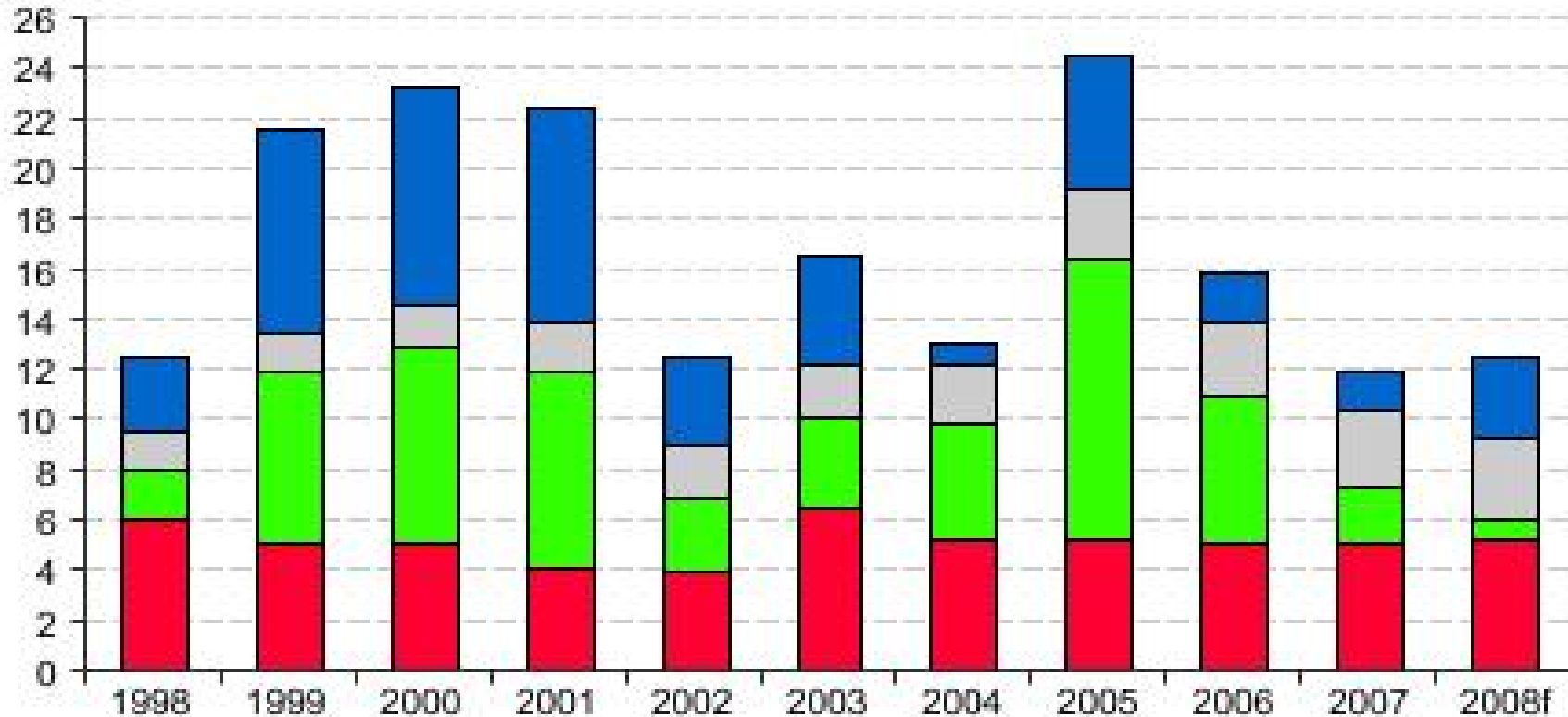
Source: Economic Research Service, USDA.



Government payments, 1998-2008f

- Payments--fixed 1/
- Payments--function of prices 2/
- Payments--conservation
- Payments--all other

\$ billion



1/ Production flexibility contract payments and direct payments, where payment rates are fixed by legislation.

2/ Counter-cyclical payments, loan deficiency payments, marketing loan gains, and certificate exchange gains; where payment rates vary with market prices.

Source: FSA, NRCS, and CCC.



USDA

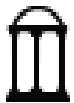
- ACRE, SURE, Pay limits will push FSA to limits of capability – diminishing profile for CRP and Continuous CRP
- NRCS almost insurmountable task:
 - **Expanded EQIP (\$, AWEP, FLEP)**
 - **New CStP**
 - **Specialty crop technical assistance**
 - **Organic certification and program inclusion**
 - **Streamlining application process**
 - **Fewer resources (people, TA funding)**



Advisors

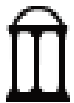
Crop Consultants – LGUs - Industry

- **Technical Service Providers**
- Encourage farmer adoption of conservation systems approach
- Specialty crop/organics culture
- Beginning and Socially Disadvantaged Farmer Assistance
- **Plot, demonstration, and research**



Program Considerations

- Conservation Reserve Program (**CRP**) and Continuous CRP ⇔ **FSA** programs
- Environmental Quality Incentives Program (**EQIP**)
- Conservation Stewardship Program (**CStP**)
- Wildlife Habitat Incentives Program (**WHIP**)



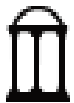
Program Considerations

- Agricultural Management Assistance (**AMA**)
- Market Driven Conservation – **Carbon Markets**
- Technical Service Providers Program (**TSP**)



CRP

- CRP enrollment capped at 32 M acres
- Not an indicator of declining or reduced support for CRP - continue as one of USDA's key conservation programs
- Support of partnerships with State wildlife agencies and NGOs to assist in program promotion and implementation



CRP

- USDA to update rental rates and use incentive payments for continuous CRP practices to make the program competitive with other programs and more economically viable for producers
 - **CRP \Leftrightarrow FSA program**
 - **Producers vs Landowners**
 - **Loss of base acres**



CRP

- Congress encourages enrolling CRP acres as they expire in the Conservation Stewardship Program (CSP), Grassland Reserve Program (GRP) and continuous CRP **(base)**
- Congress expects USDA to use incentive payments and promotion to ensure general signup acreages are enrolled through continuous CRP **(base)**



EQIP

- EQIP provides assistance to farmers and ranchers to **conserve and enhance soil, water, air, and related natural resources** on their land
- 60% Livestock – 40% Crops funding
- Programs under EQIP
 - **CIG**
 - **Specialty Crops and Organic Systems Plan**
 - **IPM**
 - **AWEP**



CIG

- CIG funds projects targeting **innovative on-the-ground conservation**, including **pilot projects and field demonstrations**
- Must be innovative (not common)
- Must be eligible for funding through EQIP
- Excellent opportunity for showcasing consultant work



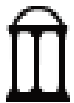
EQIP - Organics

- EQIP available to producers who are transitioning their operations to certified organic production and may be transitioning additional acres or animal herds
- Organic conversion is a management-intensive activity and USDA will provide levels of technical and education assistance for organic conversion



AWEP

- Agricultural Water Enhancement Program (AWEP), replaces old Ground and Surface Water Program
- Promote ground and surface **water conservation and water quality improvement**
- USDA is seeking project proposals from **potential partners – producers need a vehicle to participate**



CStP

- Conservation Stewardship Program **rule yet to be published**
- **Record keeping**
- **Conservation Planning**
- Entire operation must comply by addressing on resource concern
- First step to **Green Payments**



CStP

- On-farm conservation **research and demonstration activities and pilot-testing** projects can be part of contract offers under the program
- USDA will establish design protocols and application and contract offer procedures **for individual producer and collaborative on-farm research and demonstration activities and for pilot testing projects**



CStP

- USDA will use outreach activities and **provide appropriate technical assistance** to specialty crop and organic producers and ensure they can effectively compete in the program ranking periods



WHIP

- Reauthorized program
- \$85 million each year 2009-2012
- **Includes habitat developed on pivot corners and irregular areas**



AMA

- AMA typical practices:
 - Construct or improve water management or irrigation structures
 - plant trees for windbreaks or to improve water quality
 - mitigate risk through production diversification or resource conservation practices, including soil erosion control, **integrated pest management**, or **transition to organic farming**



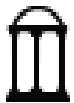
AMA

- An AMA plan of operations is required
- Participants will maintain cost-shared practices for the life of the practice
- Contracts - **minimum of one year** after completion but **not more than 10 years**
- AMA payments limit of \$50,000 per year



AMA

- Inclusion of eligible participants under Agriculture Management Assistance **expands TSP applicability**
- USDA to approve any unique certification requirements that are proposed by the Agency at the State level



AMA Eligible States

Connecticut

Delaware

Hawaii

Maine

Maryland

Massachusetts

Nevada

New Hampshire

New Jersey

New York

Pennsylvania

Rhode Island

Utah

Vermont

West Virginia

Wyoming



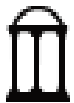
Carbon Markets

- USDA to research, analyze and enter into contracts and agreements to promote the development of standards for quantifying environmental benefits
- Promotion of the establishment of credit registries and **third party verification**
- Facilitation of private sector market based approaches for agriculture and forest conservation activities



Carbon Markets

- USDA - **technical guidelines with verification process that considers the role of third parties**
- Federal and State agencies and NGO interests, such as producers, academia, and financial institutions input req'd
- Focus is on **carbon markets** due to the emerging market affecting agriculture



Conservation Markets

- **Chicago Climate Exchange:**
(86 M tons) Carbon Trading
- **\$3.95 to \$7.50 per ton**
- **Usually 5 year contracts**
- **Congress expects expeditious accomplishment of standards**



TSP

- TSPs are **certified professionals**, qualified to provide NRCS program participants with technical services necessary to **implement their conservation projects**
- Technical services include **conservation planning, technical consultations, assistance with design and implementation of conservation practices**



TSP

- Technical service means the **assistance** provided by technical service providers:
 - **including conservation planning**
 - **conservation practice design, layout, and installation**
 - **certification that the conservation practice meets NRCS standards and specifications**



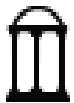
TSP

- Improving the **delivery** of technical assistance:
 - **increasing the availability of technical assistance**
 - **ensuring that conservation technical standards and resources are locally relevant**
- **Demand** for technical assistance **exceeds the supply** of technical resources (NRCS personnel and TSPs)



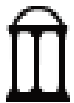
TSP

- **Private sector cadre envisioned in the 2002 Farm Bill has not developed**
- Address through authority for use of **mandatory funds** and multi-year contracts with third party providers
- Establishment of **fair and reasonable payment rates**



TSP

- Implement nationally **consistent** certification process
- Require approval of State-level certification criteria to insure **simplification of the process**
- Encourage the development of a **successful, skilled, and accountable third party provider sector**



TSP

- Diminish the **tension** caused by tradeoffs between **public and private sector resources**
- Create locally relevant conservation technical assistance from public and private sources **increasingly available and accessible to producers**





TSP

- TSPs provide another **avenue** for eligible participants to obtain the assistance they need to achieve the conservation objectives on their land
- Eligible participants **choose** technical assistance directly from NRCS, or a certified TSP from an approved list, or by an agreement NRCS has with a TSP



TSP

- TSPs **offset** potential future increased workloads on a static NRCS workforce
- TSPs **expedite** projects increasing environmental benefits
- TSPs could **increase** the amount of contracts that actually are completed rather than **cancelled** due to time delays



TSP

- As of August 2008, nearly **1,700** entities (individuals or businesses) in the **TechReg registry**
- October 2003 - September 2008: NRCIS paid **\$217 million for TSP assistance**



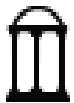
TSP Payment Rates

- Establishment of fair and reasonable amounts of payments for technical services provided by third party providers:
 - **Currently, NRCS rates are based on the agency cost to perform the technical service and are set by NRCS National Office**
 - **Rates currently include costs associated with planning, design, installation, checkout of conservation practices, and overhead costs**



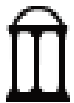
TSP Payment Rates

- Emphasis will be on **market rate data available** to determine TSP payment rates
- National Office will publish the State payment rates for each practice on the **TechReg Web site**



TSP Payment Rates

- **“Not-to-exceed”** rate restriction is **removed**:
 - NRCS will use NRCS cost data, procurement data, and market data to establish the payment rates for TSP assistance



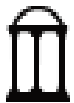
TSP Payment Rates

- NRCS TSP experience the past 5 years is: **rates based solely upon NRCS costs do not incorporate necessary profit margins to make such rates equal rates TSPs actually charge for their services**



TSP Certification

- NRCS is required to provide national criteria for the certification of third party providers and to **approve any unique certification requirements proposed at the State level**
- **TSPs must meet State, and professional business licensing requirements**
- No additional criteria from national level



TSP Certification

- Experience dictates that unique state level requirements **beyond licensing and state law is a hindrance** to effective implementation of TSP
- NRCS clarifies its policy that licensing and state law requirements will be the **only state-level certification criteria allowed**



TSP Certification

- NRCS will review the TSP certification requirements based on the criteria that **NRCS staff must meet for authorization to provide technical assistance**
- **Changes** to the certification requirements for each TSP category will reflect any changes in the **Field Office Technical Guide (FOTG)**



TSP Certification

- Review will consider the needs of **specialty crop, organic farming, and precision agriculture technologies** with respect to the completeness and appropriateness of the conservation practice standards and the **associated TSP certification requirements**



Get on the Train

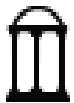


- Farm subsidy (direct payments) in the future is uncertain
- Our clients need to **adopt systems** that will enhance their **economic benefit and regulatory liability**
- **Money** will be made – TSP or private
- CIG and AWEPP – provide the **vehicle**



HOW?

- Organization representative on STC
- Cultivate relationship with your District Conservationist(s)
- Local working group inclusion
- Stay current – learn the programs
- Be computer literate
- TechReg – get certified
- FOTG – learn how to use



**Train and motivate
your clients to
accomplish
conservation systems
on their farms for
everyone's benefit**

“Helping people help the land”



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