Conservation in the “New Farm Program”

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Conservation programs took a giant leap forward with the 1985 Food Security Act, which introduced the Conservation Reserve Program (CRP), Wetlands Reserve and Conservation Compliance among other things. Since then, those programs have changed some but have been relatively stable both in terms of funding and type. With the recently completed “Farm Security and Rural Investment Act of 2002” conservation programs are poised to move to an even higher plateau.

What is New in the Old?

CRP has had several modifications and extensions since its 1985 inception. The 2002 act extends CRP through calendar year 2007 and increases maximum enrollment from the current cap of 36.4 to 39.2 million acres. A pilot wetlands enrollment project under CRP has been broadened to encompass all states but is limited to a total of 1 million acres, all of which will count towards the overall limit of 39.2 million acres. This program permits entering certain wetlands into the CRP if they had been cropped 3 out of the past 10 years. One subtle addition that may prove useful to Nebraska CRP managers is in the language dealing with haying and grazing. The act states (Sec. 1232 (a.7)) “that the Secretary may permit, consistent with the conservation of soil, water quality and wildlife habitat…(A) managed harvesting and grazing…” The harvesting of forage from CRP includes biomass purposes. The annual CRP payment would be reduced “by an amount commensurate with the economic value of the activity…” if the grazing or haying is approved. Just how this will be managed will depend on the implementation rules and regulations, but it has potential to permit haying and grazing to help maintain stands and offer some use of the CRP while under contract. The payment reduction “commensurate with the economic value” will also apply to grazing and harvesting for drought or other emergencies under the new bill. In the past the reduction for emergency use was a standard amount of one-fourth of the annual payment.

The 1996 Farm Bill established the Environmental Quality Incentives Program (EQIP). It combined several programs including the Agricultural Conservation Program (ACP), the Great Plains Conservation Program, plus others. The
new bill ramps up annual authorized spending to $1.3 billion by
2007 beginning with $400 million in FY 2002. EQIP was
funded at $163 million in FY 2001 and scheduled to move to
$200 million in FY 2002 in the President’s budget. Priority area
designation has been eliminated, which should make the funds
more easily accessed by all producers. As before, the funds are
to be split 60 percent to livestock producers and 40 percent to
crops. Cost-share, not to exceed 75 percent (90 percent in case
of new or limited resource farmers or ranchers), is provided for
qualifying structural practices. Incentive payments are made to
producers who implement land management practices or
comprehensive nutrient management plans. Land management
practice is broadly defined and includes “… a site-specific
resource concern” for the enrolled land. Tier one requires a
5-year plan that covers at minimum one “significant
significance” for the enrolled land. Tier two is similar to
one except a 5-10 year plan is required. Tier three requires a 5-
tier. Incentive payments will be 5, 10 and 15 percent of the
incentive base (described above) for Tiers 1, 2, and 3 respec-
tively. The program does not appear to have specific spending
limitations or targets as do most of the other programs. The
implementation rules for this program will be critical to
producers and will merit watching as they evolve.

The Grasslands Reserve Program is authorized to enroll
a maximum of 2 million acres nationwide in 10, 15, 20 or 30-
year rental agreements or 30-year permanent easements. Sixty
percent of the funding is reserved for 30-year rental agreements
or easements. The legislation provides criteria for ranking
applications for the benefits of this program, which implies that
some bidding procedure may be followed for acceptance of land.
Funding is limited to a total of $254 million over the years 2003
through 2007. Normal grazing may continue as long as it is
consistent with “maintaining the viability of grassland, forb, and
shrub species common to that locality.” Haying, mowing or seed
harvesting operations may continue on enrolled land with some
restrictions that pertain during nesting season for birds that are
in significant decline. Payments will be made to the owner for
the agreement or easement and for the Federal share (cost-
share) of the cost of restoration. Lands that have never been
cultivated can receive 90 percent cost-share versus 75 percent
cost share for restored grasslands.

The Ground and Surface Water Conservation program is
established to promote ground and surface water conservation
by providing cost-share and incentive payments and loans to carry
out “…to - (1) improve irrigation systems; (2) enhance
irrigation efficiencies; (3) convert to - (A) the production of less
water-intensive agricultural commodities; or (B) dryland
farming; (4) improve the storage of water through measures
such as water banking and groundwater recharge; (5) mitigate
the effects of drought; or (6) institute other measures…as
determined by the Secretary,….” This program is to be funded
from the Commodity Credit Corporation at the rate of $25
million in FY 2002 and scheduled to increase to $60 mil-

Several other conservation programs were either
reauthorized or authorized for the first time by this legislation.
The importance of the implementation rules for all the conser-
vation programs cannot be overemphasized. These rules will
ultimately tell who can participate and under what terms. As we
learn more about the implementation rules for the programs we
will provide information to help Nebraskans understand and
utilize, where appropriate, the benefits of this important part of
the new farm legislation.