



Title: Conservation Title of the April 12th Draft House Farm Bill
Author: Otto Doering
Issue: PAEPB-2018_6
Date: May 1, 2018
Tags: Conservation Title, Farm Bill Draft, Conservation Budget
Abstract: On April 12th, the Republican majority of the House Agriculture Committee reported out a draft Agriculture and Nutrition Act of 2018. Title II, the Conservation Title, includes substantial changes to several existing programs. The Conservation Reserve Program acreage cap is lifted from 24 to 29 million acres and contract rents are reduced to 80% of county averages. Reduced rental rates may make this land retirement program less attractive to farmers, especially if commodity prices increase. Reduced rental rents may also keep high quality productive land from going into the reserve. For the working lands programs, the Conservation Security Program (CSP) is eliminated and some of its components put under the Environmental Quality Incentive Program (EQIP). Whole farm comprehensive program options that were available in the CSP are reduced without commensurate increases in the practice specific EQIP programs. The combined program budget is cut by 20%.

Introduction

On April 12th, the Republican Majority passed out a draft farm bill (H.R.2) for consideration by the house. This draft bill includes a number of important changes in programs and in the budget expenditure on USDA conservation programs. In this brief, we will highlight some of these proposed changes.

Changes under the Proposed Draft

In the draft, the acreage cap on Conservation Reserve Program (CRP) increased from 24 to 29 million acres at a rate of a million acres a year to 2023. However, the rental rate for land coming into the CRP is reduced to 80% of the current average rental rate for farmland. The CRP is the most expensive of the conservation programs, and this reduction in rental rates is designed to keep that expenditure in check in spite of the increased acres. The budget scoring by the Congressional Budget Office shows a modest increase in expenditure as new land comes into the CRP and then reductions in expenditure as existing more expensive lands' end their CRP contracts and are replaced by new lands coming into the program at lower rents. What will actually happen here is also dependent upon commodity prices. If commodity prices stay low, then, even at 80% of the county rental rate it may be attractive for some farmers to put land into the CRP. (Part of the goal of Congresses reduction of CRP acres to 24 million acres was to ensure that productive farmland with few environmental

concerns would not be brought into the program.) Farmers with poor quality farmland with environmental concerns (like erosion and nutrient leaching) may still find the CRP attractive at higher commodity prices with only 80% of the county average rental rate. The Congressional Budget Office analysis indicates that by 2028 the overall CRP expenditure will be down very slightly (\$23 million) in spite of the increase in acreage to 29 million.

The other major change involves the working lands conservation programs. These are programs that subsidize farmers to adopt conservation measures or invest in conservation infrastructure on their operating farms. The Conservation Stewardship Program (CSP) is eliminated and some of its components are folded into the Environmental Quality Incentive Program (EQIP). The draft bill cuts total funding for the remaining working lands conservation programs by 25% over the first five years and overall by 20% (\$7.1 billion) for the full ten-year accounting period (exclusive of final payments to existing CSP contracts). The CSP has always been somewhat controversial. One reason is that it paid farmers for conservation activities they may already be doing in order to ensure continuation of good practices. In contrast, much of the EQIP funding is cost sharing for specific new conservation practices or capital projects on the farm. The CSP program emphasized a whole farm planned conservation approach, with payments for active as well as enhanced conservation, and a conservation plan. The CSP also required a farm first reach a conservation threshold in order to be eligible for the program. CSP was a more comprehensive farm level program compared to the more specific best practice approach of EQIP. The overall reduction in expenditure on working lands conservation is a primary concern about the draft conservation title for conservation and environmental groups. They had been hoping for more rather than less expenditure given concerns about such threats as increased weather variability, soil erosion, water quality, and the need for more technical assistance on the ground from USDA.

The changes in working lands programs and the reduced budgets for that effort are not going to be the focus of the controversy over the House draft of the farm bill. The major controversy is going to be over the budget reductions and new requirements that are proposed for the food stamp or SNAP programs. These will likely drive most of the public debate on the farm program.

References and Further Reading

Congressional Budget Office, April 13, 2018, H.R.2 Agriculture and Nutrition Act of 2018. Available at www.cbo.gov/publication/53760

National Sustainable Agriculture Coalition Release, April 13th, 2018. The Facts About Working Lands Conservation In The House Draft Farm Bill. Available at <http://sustainableagriculture.net/blog/house-farm-bill-conservation/>