

Opinion

Congress to debate 'green' payments

POLICY REPORT



By **BRADLEY D. LUBBEN**

CONSERVATION programs have gained an increasing share of the ag budget in farm bills since 1985. Annual conservation payments to producers and landowners have grown from \$189 million in 1985 to \$1.9 billion in 1995 to an estimated \$2.5 billion in 2005.

Yet, conservation programs have also been the target of cuts year after year to find budget dollars for other needs, including emergency agricultural disaster assistance and budget reconciliation.

That the demand for conservation programs exceeds the current funding levels is readily apparent. In Nebraska alone, there were 5,658 applications for the Environmental Quality Incentives Program in 2005, of which only 1,760 could be funded, according to the Natural Resources Conservation Service. And the Conservation Security Program, now in its third year of implementation, has reached only 330 of 2,119 watersheds nationwide, or 16%.

Whether conservation programs

grow as part of the next farm bill or whether they continue to see limited implementation is one of the key questions for the coming farm-bill debate.

There are numerous federal conservation programs that broadly fit into three categories:

■ Land retirement programs such as the Conservation Reserve Program and the Wetlands Reserve Program take land out of agricultural production to provide various environmental benefits.

■ Conversely, preservation programs, including the Grassland Reserve Program and the Farm and Ranch Lands Protection Program, pay to keep land in agricultural production and keep it from being developed for other uses.

■ Incentive programs such as EQIP and CSP provide producers with technical assistance, cost-share assistance and financial incentives to implement and maintain conservation practices.

CRP garners big bucks

The CRP currently represents the lion's share of conservation funding at \$1.7 billion per year, and covers contracts on nearly 36 million acres. But 80% of those acres are due to expire by 2010.

In September 2005, USDA announced guidelines to voluntarily re-enroll or extend the contracts on those acres

based on the environmental benefits of each contract. However, having such a substantial portion of the program facing this transition in such a short time lends itself to a possible reordering of programs and a shift of funding away from the retirement programs toward other programs. If so, the real winner in the next farm bill could be the incentive programs.

The CSP certainly fits the description of a popular incentive program with substantial growth potential. When it was written into the 2002 Farm Bill, the CSP was advertised as an incentive program that would reward producers who were already using good conservation practices and encourage others to adopt new conservation practices.

The list of potential practices was quite long. The payments proposed in the legislation included incentive and cost-share funding at three different levels, or tiers, based on the environmental issues addressed and the extent of practices adopted across the farm.

At the highest tier, payments could even amount to \$45,000 per individual per year. At this level, the CSP could rival the commodity programs in terms of delivering government payments to agricultural producers.

Through the first three years of implementation, the CSP has been allo-

cated just under \$500 million. However, that amount is insufficient to fully implement the program as written.

Just 16% of the nation's watersheds have been eligible thus far. The budget reconciliation bill recently debated in Congress limits future funding to a level that would prevent any further growth in the program until after the next farm bill is completed. Even in the eligible watersheds, the funding constraints limit payments to only the higher-ranking applications promising the most substantial conservation efforts.

To fully fund the list of potential conservation practices at three tiers across all of the nation's watersheds could easily run into billions of dollars each year, making the CSP the largest part of the nation's conservation toolbox.

Will that funding come from a smaller CRP? Will that funding come from commodity programs? Or will the CSP continue to be an attractive, but limited, program? It remains to be seen, but the debate should be interesting.

Lubben is a University of Nebraska public-policy specialist.

We would like to hear your opinions on the next farm bill. E-mail your thoughts to dmccabe@farmprogress.com.



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