

# CONSERVATION DIALOGUE

A FORUM ON THE NEXT FARM BILL CONSERVATION PROGRAM

# LOOKING TOWARDS THE NEXT FARM BILL

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October 21, 2011



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# Overview

- Brief overview of existing programs
- Challenges moving forward
- Issues that need to be addressed

# Multiple Objectives

- Maintaining soil quality
- Improving water quality
- Increasing wildlife habitat
- Improving air quality
- Increasing carbon sequestration
- Conserving energy and water
- Preserving farm and ranch lands

# USDA Conservation Programs

- 23 Conservation Programs
- Voluntary Financial Assistance
  - Land retirement (e.g., Conservation Reserve Program)
  - Working lands (e.g., Environmental Quality Incentives Program)
  - Land preservation (e.g., Grassland Reserve Program)
- Conservation Technical Assistance Program

# Land Retirement

## Conservation Reserve Program

- General signup: Retire highly erodible or otherwise environmentally sensitive cropland for 10 or more years;
- Continuous signup: Buffer practices such as filter strips, grassed waterways, etc.
- 31 million acres – about 10 percent of cropland -- enrolled

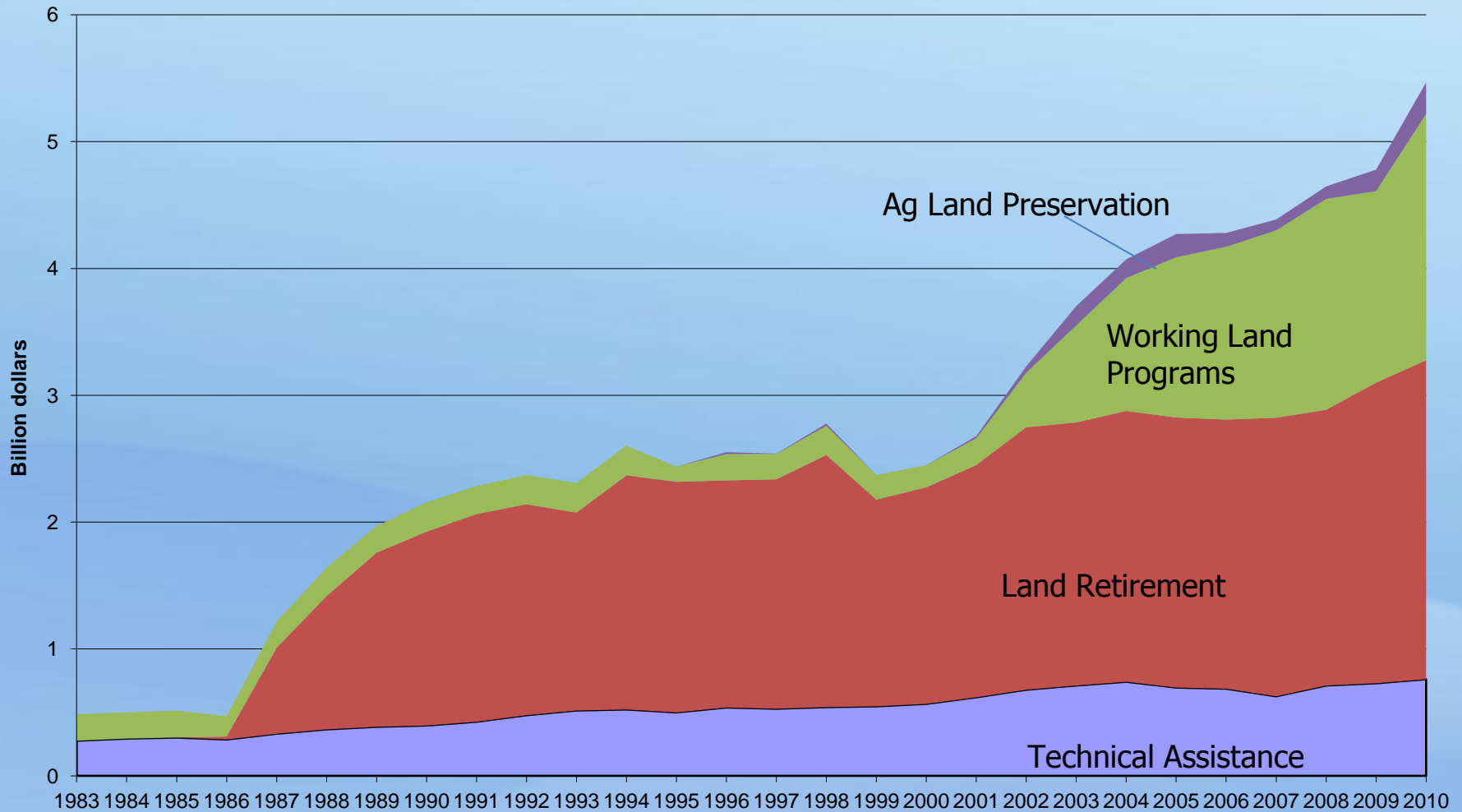
## Wetland Reserve Program

- Restore wetlands on marginal cropland, easements can be long-term or even permanent
- 2.2 million acres enrolled through 2009

# Working Land

- Environmental Quality Incentives Program (EQIP)
  - Provides cost-sharing or incentive payments
  - Addresses wide range of environmental problems
  - 60% of funds targeted to livestock-related issues
  - \$1.2 billion in 2010
- Conservation Stewardship Program (CSP)
  - Targets “good stewards”
  - Encourages additional conservation through “enhancements”
  - Provides payments based on performance
  - \$390 million in 2010

# USDA Conservation Funding 1983-2010



Source: ERS analysis of USDA budget summary data

# Participation reflects farm & operator characteristics

Farm Characteristics	Unit	EQIP/CRP Working Land	Land Retirement		Non-Participants
			Partial Farms	Whole Farms	
Average Farm Size	Acres	1,089	1,127	267	374
Average Commodity Payment	Dollars	26,571	12,698	634	4,430
Farming occupation	Percent	85	62	5	40
Average Ratio owned/operated	Percent	57	99	141	93

Source: Lambert, Dayton, Patrick Sullivan, Roger Claassen, and Linda Foreman. *Conservation Compatible Practices and Programs: Who Participates?* USDA-ERS



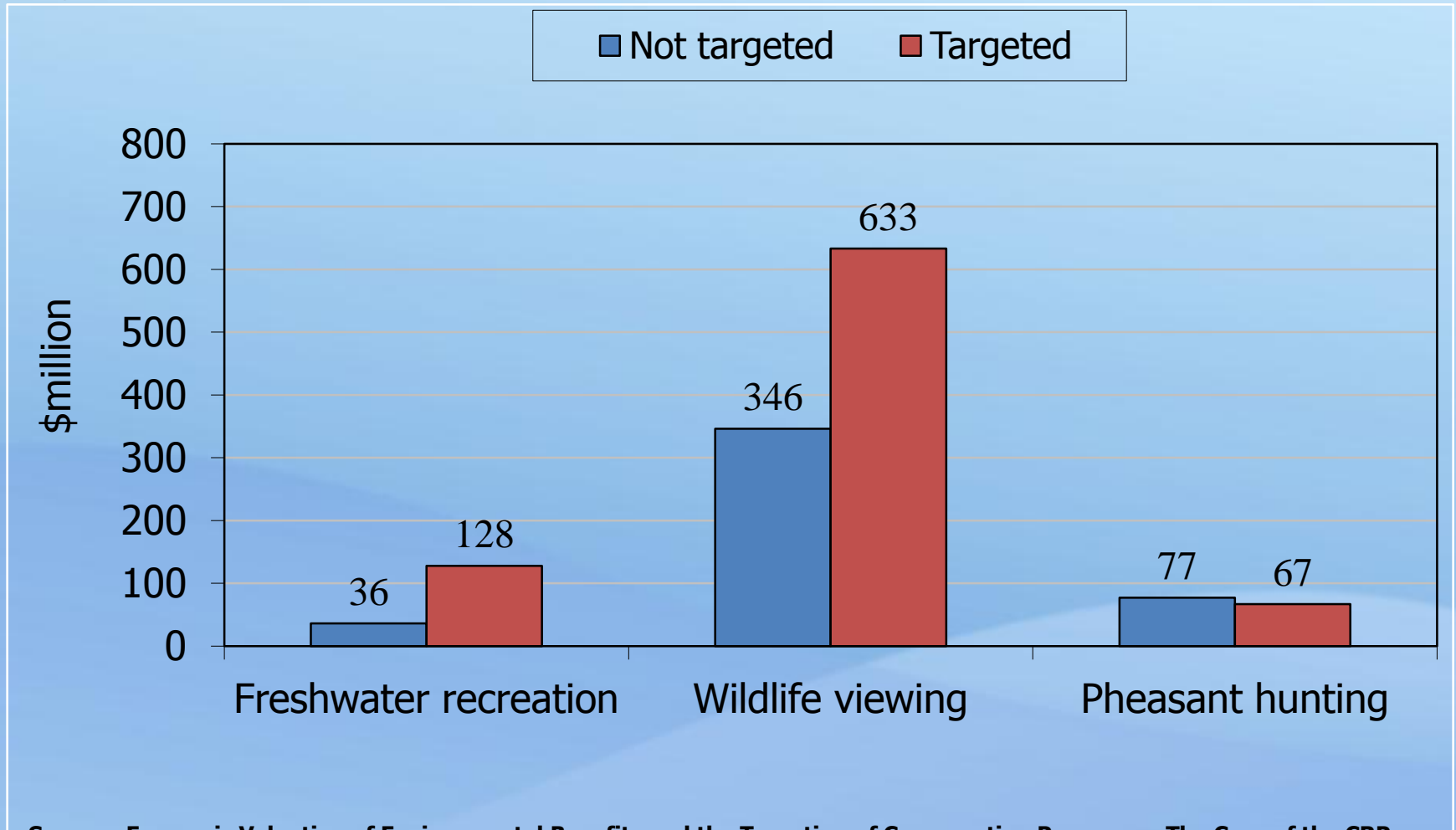
# Farm Bill Challenges

- Used to be evolutionary – How to make the next Farm Bill better than the last one
- Are now revolutionary – Federal budget constraints are severe and unlikely to be relaxed for decades
  - Without changes in entitlement programs and tax reforms, federal tax revenues will only cover interest and entitlements by the end of the decade
  - Increased taxes will not solve the problem. Spending is the driver
  - Discretionary programs will be squeezed
- Ernest Rutherford – “Gentleman, we have run out of money. It is time to start thinking.”

# Priorities

- What are our priorities?
  - Conservation versus other public goods
  - Specific conservation goals (soil, water quality, wildlife habitat, carbon sequestration, land preservation, others?)
  - Where, When (Targeting), How Much?
    - Macro regions (Mid-Atlantic vs Mid West)
    - Micro scales ( watershed A vs watershed B)
    - How fast?
    - How deep?

# Potential value of targeting is high: Gains in the CRP



Source: Economic Valuation of Environmental Benefits and the Targeting of Conservation Programs: The Case of the CRP, Agricultural Economic Report Number 778, Economic Research Service, USDA, 1999

# Hard Choices – Big Questions

- Implementation

- What mix of education, technical assistance, and financial assistance?
- Should financial assistance programs be activity or performance based?
- If performance based, what should the indicators be?
- How should incentive payments be designed?

# Incentive Design

- Fixed payment schemes
- Competitive bidding

# Jim's Program Evaluation Criteria

- Conservation outcomes for present and future generations
- Costs/Benefits to consumers, farmers, farm input suppliers who pay the bills
- Administrative ease – what works for farmers, farm service providers
- Fairness
- Political viability

# Questions for Today's Forum

- What are the greatest challenges confronting Pennsylvania's producers with respect to keeping farming viable in the Commonwealth?
- How can Farm Bill conservation programs help address these challenges?
- What lessons have PA producers learned from current and past conservation program experiences?
- How do these lessons inform the next Farm Bill?