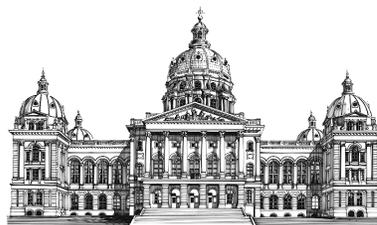

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Farm Security Act Conservation Programs

ISSUE

This *Issue Review* provides an overview of the conservation programs in the federal Farm Security and Rural Investment Act of 2002.

AFFECTED AGENCIES

Department of Agriculture and Land Stewardship
Department of Natural Resources

BACKGROUND

The federal Farm Security and Rural Investment Act of 2002 was enacted on May 13, 2002, and outlines federal farm policy for the next six years. The Act renews or creates new programs dealing with commodities, conservation, trade, nutrition, credit, rural development, research, forestry, and energy. It is estimated that there will be an additional \$2.2 billion in funding for these programs over the next six years.

CURRENT SITUATION

The following summarizes the Act's new or modified conservation programs:

- **The Conservation Reserve Program (CRP)** offers cost share payments to landowners that develop long-term conservation practices to protect vulnerable land areas. Characteristics of eligible land include: highly erodible soil, land that contributes to a serious water quality problem, land that provides wildlife habitat, or land that provides substantial environmental benefits when devoted to specific conservation use. Landowners convert eroding cropland by planting native grass, trees, filter strips, or riparian buffer strips. The total acreage for the Program was increased from 36.4 million to 39.2 million acres by FFY 2007.
- **The Wetlands Reserve Program (WRP)** offers cost share payments or permanent easements for restoration of wetland areas on agricultural land. The objective of the Program is to increase the value of wetland functions, while improving habitat. Revisions to the Program increase the number of enrolled acres from 1.1 million to 2.3 million acres by FFY 2007.

- **The Environmental Quality Incentives Program (EQIP)** provides technical assistance, cost share funds, and incentive payments to crop and livestock producers for completion of conservation plans. Producers can receive cost share funds and incentive payments under the Program, however, the maximum total payment to a producer is \$450,000 for the length of the Program. Annual funding is split with 60.0% to livestock producers and 40.0% to grain producers. Contracts range from one to 10 years. The Program offers Conservation Innovation Grants to stimulate innovative approaches to enhance and protect the environment. The federal share of the project cost is up to 50.0%.
- **The Wildlife Habitat Incentives Program (WHIP)** provides cost share funds to landowners that improve and develop wildlife. This includes development of habitat for threatened and endangered species, fish habitat, wetland habitat, and upland habitat. Participants signing contracts for 15 years or longer are eligible for higher levels of cost share fund payments.
- **The Farmland Protection Program (FPP)** provides funds to states, tribes, local governments, or nonprofit organizations to purchase development rights that maintain farmland for agricultural use. Conservation easements are used to prevent farmland development and the federal share is up to 50.0% of the easement cost.
- **The Conservation Security Program** is a new Program that provides landowner payments for maintaining or implementing conservation practices of cropland, grassland, prairie, or pastureland. The funding will be approximately \$370.0 million for the next six years and payments made to landowners are based upon the length of the conservation contract. Tier payments are based upon national land rental rates and include:
 - Tier 1 payments are for five-year contracts that address one resource concern on part of the agricultural operation, with a maximum annual payment of \$20,000.
 - Tier 2 payments are for five to 10-year contracts that address one resource concern on the entire agricultural operation, with a maximum annual payment of \$35,000.
 - Tier 3 payments are for 10 to 15-year contracts that address all resource concerns on the entire agricultural operation, with a maximum annual payment of \$45,000.
- **The Grassland Reserve Program** is a new Program that will protect up to 2.0 million acres of grassland, rangeland, pastureland, or prairie land with funding of \$254.0 million over a six-year period. Landowners receive annual payments by signing a contract for a 30-year permanent easement or a rental agreement for various lengths of time. Land enrolled in this Program may be used for haying and grazing. The annual payment cannot exceed 75.0% of the land value.
- **The Ground and Surface Water Conservation Program** is a new Program that provides cost share funds and incentive payments for surface water and groundwater conservation practices. The Program also provides cost share funds for improved irrigation systems.
- **The Conservation of Private Grazing Land** is a new Program that provides technical assistance for the development and management of grazing lands. The Act authorized \$60.0 million for FFY 2002 through FFY 2007.
- **The Resource Conservation and Development Program** encourages volunteers and local officials to organize into councils that assist in implementing conservation projects in the community. Currently, there are 368 Councils nationwide with 14 in Iowa.

- **The Water Conservation Program** provides cost share funds and incentive payments for practices that conserve surface water and groundwater and include projects related to improvement of irrigation systems, dryland farming, and converting to crops that require less water.
- **The Small Watershed Program** provides funding to improve and rebuild small flood protection dams that were constructed over the past 50 years.

BUDGET IMPACT

Currently, the federal Farm Security and Rural Investment Act of 2002 provides no direct payments to the Iowa Department of Agriculture and Land Stewardship or the Department of Natural Resources. Conservation Program rules for new programs are in the development stages and will not be complete until the beginning of calendar year 2003. Potential sources of funding to the State include the Partnerships and Cooperation section of the Act that allows the U.S. Department of Agriculture to enter into agreements with State and local agencies for technical and financial assistance for special projects. The Act specifies that up to 5.0% of Program funds can be used to carry out this section. The Iowa Natural Resource Conservation Service office has established a Technical Committee for the State that is chaired by Bill Ehm, Division Administrator, Department of Agriculture and Land Stewardship, and includes Lyle Asell, Department of Natural Resources, as a member.

On September 6, 2002, the U.S. Department of Agriculture released funding for FFY 2002 for the Wetlands Reserve and the Farmland Protection Programs. Iowa received \$18.2 million for the Wetlands Reserve Program and \$705,000 for the Farmland Protection Program. The Iowa Natural Resources Conservation Services office allocated and distributed the funds within a three-week period; however, \$3.2 million from the Wetlands Reserve Program was not contracted and was returned to the federal office.

On October 1, 2002, the U.S. Department of Agriculture announced \$1.6 billion would be available for payments to landowners for the Conservation Reserve Program for FFY 2002. Iowa leads the nation with 80,000 acres enrolled on 43,000 farms with landowners receiving \$185.5 million per year in payments.

On October 7, 2002, Governor Vilsack sent a letter to the United States Secretary of Agriculture requesting a change in the formula to allocate funds for the Environmental Quality Incentives Program (EQIP). Iowa currently receives \$4.8 million per year from this Program, while other states receive the following: Minnesota--\$6.0 million; Missouri--\$5.2 million; Nebraska--\$8.6 million; and Kansas--\$9.3 million.

For more information on the federal Farm Security and Rural Investment Act of 2002, visit the U.S. Department of Agriculture (USDA) web site: <http://www.usda.gov/farbill/>.

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