

# CRS Report for Congress

## Conservation and the 2007 Farm Bill

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Jeffrey A. Zinn  
Specialist in Natural Resources Policy  
Resources, Science, and Industry



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Committees of Congress

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## Summary

Conservation is playing a prominent role in the development of a farm bill by the 110<sup>th</sup> Congress. Major conservation topics include determining the priorities for the conservation effort; deciding whether any existing programs or activities should be modified or eliminated; deciding whether new programs or activities should be added to the effort; and determining where to set the overall funding level for conservation, as well as levels for each program. Addressing these topics often pits supporters of commodity programs and the traditional structure of farm policy against those who seek an expanded conservation effort.

The House completed action on its version of the farm bill (H.R. 2419) on July 27, 2007, passing it by a vote of 231 to 191. Many options for conservation had been offered as the legislation moved through the House, but the conservation title was passed as reported by the committee and modified by a chairman's mark without further amendment. In summary, this legislation would increase funding for many conservation programs and add a number of small new programs to the conservation portfolio, halt new enrollment into the Conservation Security Program, and eliminate little else from the current effort. The Senate Agriculture Committee continues to work on a "discussion draft" of a conservation title.

Although conservation is but one of many titles in the pending farm bill, it has been becoming more central to farm policy in recent farm bills. Conservation has been receiving a growing portion of agricultural funding. Conservation proponents have offered many suggestions for (1) addressing new topics through expanded conservation programs; (2) providing additional funding to current conservation programs; and (3) creating new programs. Conservation is viewed by some as a potential alternative to commodity programs for delivering government support. Others caution that overall funding for agriculture could be limited in this farm bill, and with it, conservation funding. Many in this latter group would like to see limited funds spent on other farm bill topics or programs. In addition, some would like to limit the reach or the scope of the conservation effort, or question whether the conservation accomplishments reflect the scale of investment and effort.

This report introduces some of the issues that are influencing the development of a conservation title. It then reviews the contents of the House-passed bill, H.R. 2419. Some alternative proposals that the House considered are summarized in an appendix. The House-passed bill includes some elements of the alternative proposals (usually in modified form).

This report is limited to the conservation title. However, conservation topics in recent farm bills have been increasingly addressed in other titles, and that trend continues with the House-passed version, which contains conservation provisions in the energy, forestry, and research titles, and others as well. Those provisions may be discussed in other CRS reports about the titles in which they are found. This report will be updated as the farm bill is developed.

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# Conservation and the 2007 Farm Bill

## Introduction

The 110<sup>th</sup> Congress is in the midst of developing an omnibus farm bill to replace the current 2002 farm bill, which generally expires in 2007. Conservation is playing a prominent role in the development of a farm bill. The House completed action on its version of the farm bill, passing it by a vote of 231 to 191 on July 27, 2007.<sup>1</sup> Numerous options for conservation provisions had been put forth as the legislation moved through the House; perhaps the most prominent were found in H.R. 1551, introduced by Representative Kind on March 15, 2007, and H.R. 1600, introduced by Representative Cardoza on March 20, 2007. Each bill had more than 100 cosponsors. However, the House enacted the conservation title as reported by the Agriculture Committee and modified by a chairman's mark without further amendment. In summary, this legislation would increase funding for many conservation programs and add a number of small new programs to the conservation portfolio, halt new enrollment into the Conservation Security Program, and eliminate little else from the current effort.

In the Senate, Agriculture Committee Chairman Harkin has stated that he plans to release and consider his farm bill proposals in September, and there are a number of indications that this conservation title will differ from the House-passed version in significant ways. The Senate Agriculture Committee staff continues to work on a "discussion draft" of a conservation title.

Agriculture committees in both chambers have drawn on information gathered at numerous hearings, recommendations and proposals offered by many interested parties (including the Bush Administration), and legislative proposals introduced by other Members. Recommendations range from general principles to very specific changes and legislative language, and from changes limited to a specific farm bill program or title to those involving multiple farm bill titles. Conservation has been among the most actively addressed farm bill issue areas, attracting recommendations from many interests who represent widely varying perspectives.<sup>2</sup> Coalitions have formed and articulated their priorities and positions on many of these topics. One conservation group, the American Farmland Trust, in particular, was very active early

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<sup>1</sup> For an overview of provisions in H.R. 2419, see CRS Report RL34113, *The House-Passed 2007 Farm Bill (H.R. 2419) at a Glance*, coordinated by Renee Johnson.

<sup>2</sup> For a brief introduction identifying a large sampling of these proposals, see CRS Report RL33934, *Farm Bill Proposals and Legislative Action in the 110<sup>th</sup> Congress*, by coordinated Renee Johnson.

on in soliciting input from a large and diverse set of interests and developing a wide-ranging set of general proposals, which it released early in the summer of 2006.<sup>3</sup>

This report covers the issues shaping the debate and will track the conservation title of the new farm bill from committee action to enactment. It is limited to the contents of the conservation title, which is not necessarily the same as the topic of conservation. The conservation topic encompasses policies and programs that protect or restore natural resources and the environment in conjunction with the production of food or fiber. Aspects of conservation have been increasingly addressed in other titles in recent farm bills, as elements of the conservation effort are being integrated with multiple aspects of agricultural policy. This trend may continue in this farm bill, and conservation provisions may be found in the energy, forestry, and research titles, among others.<sup>4</sup>

## Issues Shaping the Conservation Debate

Many issues could influence congressional decisions about conservation. Some of these issues, such as funding and program complexity, are broad and central to congressional considerations and to farm bill participants. Other issues, however, are of great concern to only a portion of farm bill participants. Even if all participants could agree on a particular issue, such as funding, how it might be addressed — that is, how large total funding for conservation should be and how those funds should be allocated among conservation programs — still generates considerable additional debate. This section broadly identifies and introduces the issues, but does not provide detailed analysis about them, either individually or in relation to each other. The introduction of each issue concludes with a series of policy questions. The House-passed bill addresses many, but not all, of these issues, and the way they are addressed is but one of many possible options.

**Conservation Funding.** Given the tight federal budget picture, funding for farm bill programs is a contentious issue. Agricultural interests would like to see increased funding provided, by fully funding the \$20 billion five-year deficit-neutral reserve fund that was approved in the FY2008 congressional budget resolution, or by finding savings elsewhere. It appears that additional funding has been found in the House and the farm press is reporting that it may have been found in the Senate.

After the issue of total funding for agriculture is resolved, the agriculture committees would then decide what portion of the agriculture funds would go to conservation programs, and then, how the funding for conservation would be allocated among the many programs.<sup>5</sup> After the program funding levels are

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<sup>3</sup> Information on these proposals can be accessed through the American Farmland Trust website at [<http://www.farmland.org>].

<sup>4</sup> For more background information about the evolution of conservation programs, more detailed data about some of the larger conservation programs, and funding in recent years, see CRS Report RL33556, *Soil and Water Conservation: An Overview*, by Jeffrey A. Zinn.

<sup>5</sup> For additional information about authorized funding levels and actual funding, by year, (continued...)

determined, numerous related questions might be addressed, such as: (1) whether certain locations (states, regions, or watersheds), producers, or resource concerns should receive higher priority for access to any programs, and (2) what levels of funding are necessary to eliminate current backlogs of interest in program participation.

**Energy and Agriculture Conservation.** Energy is a major topic for this farm bill, both because of the tremendous potential contribution of biofuel production to the farm economy, and because of the high costs of petroleum and petroleum-based products. At the center of this issue is finding ways to craft energy policies that encourage or allow for expanded crop cultivation for biofuels in ways that are compatible with land retirement and other established conservation goals. Among the questions that have been raised are (1) should lands retired for multiple years under federal conservation programs that would be returned to production to grow energy crops be treated differently than other lands that seek to exit land retirement programs; (2) should only a few types of lands or most lands in multi-year retirement programs be allowed to exit those programs if they are to be converted to energy crop production; (3) what, if any, stipulations to protect the public benefits that have resulted from land retirement (not allowing activity during the nesting season or limiting the harvest frequency, for example) should be a part of options to return the land to crop production; and (4) how do subsidies for ethanol and other bioenergy products affect production patterns on agricultural lands and conservation on those lands?

**Green Payments.** Strong interest continues, especially in the conservation and environmental communities, for a major conservation program for working lands, generally referred to as a green payments program. A current land stewardship program, the Conservation Security Program (CSP), is one possibility. It is viewed by supporters as both compatible with World Trade Organization priorities (should trade talks be successfully concluded), and as a complement to the many land retirement conservation programs.<sup>6</sup> Among the many policy questions this issue raises are (1) how should a green payments program be used to integrate commodity and conservation policies; (2) will any WTO requirements constrain the design of a green payments program; (3) does the CSP need to be fully funded and implemented everywhere to be successful; (4) how might CSP be amended based on implementation experiences since enactment; and (5) are there ways in which CSP is not a good model of a green payments program?

**Payment Limits.** Limiting commodity support payments has been a major issue for many years, and now that same issue is being raised about conservation

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<sup>5</sup> (...continued)

for all the mandatory conservation programs from 2003 to the present, see CRS Report RS22243, *Mandatory Funding for Agriculture Conservation Programs* by Jeffrey A. Zinn.

<sup>6</sup> For background information on alternative perspectives about the green payment approach, see CRS Report RL32624, *Green Payments in US and European Union Agricultural Policy*, Charles E. Hanrahan and Jeffrey A. Zinn, and CRS Report RL34010, *WTO Compliance Status of the Conservation Security Program and the Conservation Reserve Program*, by Randy Schnepf.

payments.<sup>7</sup> Limiting conservation payments, either by not making them available to very small farms (measured by acres or earnings) or to very large farms (measured by earnings), or by capping them in some fashion, has been raised as an approach that could provide additional conservation assistance available to full-time commercial operators (or to other farm bill programs). The U.S. Department of Agriculture's (USDA's) Economic Research Service determined that conservation payments tend to go to smaller and mid-sized producers, while commodity payments are more concentrated among the larger producers. Payment limits are already a part of a few conservation programs, including the Environmental Quality Incentives Program (a maximum of \$450,000 during any six-year period) and the Conservation Security Program (\$45,000 a year). Among the questions that have been raised are (1) should payment limits be program-specific, and/or be for all conservation programs combined; (2) how might payment limits change patterns of participation and accomplishment for conservation programs; (3) how much money might be saved using different payment limit options; (4) where should any savings be allocated; and (5) if payment limits are authorized, should each conservation program have the same limit?

**Program Simplification.** The number of conservation programs, each with its own structure and participation requirements, has proliferated. USDA's Natural Resources Conservation Service (NRCS) alone administers about 20 programs and subprograms. One pressure to condense and coordinate the plethora of programs comes from potential participants, who may be discouraged from participating by the complexities they encounter over which program they wish to join and what exactly will be required from them. A second pressure comes from USDA, which sees a potential to gain administrative efficiencies and realize financial savings through program simplification. In addition, the NRCS field staff may believe that it would be easier to market programs to potential participants if requirements are easier to explain. Of the Bush Administration's ten conservation proposals for this farm bill (see "The Administration's Proposal," in **Appendix A**), four would combine similar programs, such as the easement programs or many of the cost-sharing programs. Among the questions that have been raised are (1) which programs might be combined; (2) what changes would be required to make these program more compatible (revising the definitions of eligible land to make them consistent, for example); (3) will combining programs decrease or increase the number of people or amount of land that is eligible (and should such changes be a goal of program simplification); (4) can the program application process be simplified; and (5) what are the potential savings in program administration costs that could be realized if any of the simplification proposals were adopted?

**Program Delivery Capacity.** Both the number of issues addressed by conservation and the funding available to address those problems have expanded rapidly over the past two decades. During the same time, the number of employees at the administering agencies has been constant or has shrunk. This delivery capacity question has generally been raised in relation to technical assistance, which provides the planning and engineering advice needed to implement conservation programs.

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<sup>7</sup> For additional information on commodity program payments, see CRS Report RS21493, *Payment Limits for Farm Commodity Programs: Issues and Proposals*, by Jim Monke.

The capacity to provide technical assistance has been augmented by a system of qualified third party providers, authorized in the 2002 farm bill. Among the questions that have been raised are (1) does the conservation delivery capacity of USDA agencies need to be further supplemented through partnerships, relationships with other organizations, or expansion of the technical assistance provider system; (2) what opportunities and problems would result if a large portion of staff in the responsible agencies retired in a short time period; (3) does USDA have the staff needed to administer conservation programs today if they were all fully funded; and (4) will the pending farm bill consider how workforce capacity issues might be addressed to minimize problems in the future?

**New Conservation Farm Bill Issues.** As in every recent farm bill, new conservation issues have emerged that might receive increased attention. A sampling of the issues that might be addressed because they are new or of growing importance include (1) expanding the number of acres in production to produce biofuels; (2) protecting threatened and endangered species; (3) eradicating invasive species; (4) participating in efforts to mitigate the forces behind global climate change; (5) dealing more aggressively with water scarcity; (6) providing additional conservation assistance to beginning and limited resource producers; (7) providing additional assistance to producers of fruits and vegetables; and (8) addressing air quality issues. In addition, new approaches continue to be added to the conservation tool kit, such as pending proposals to create the groundwork that could lead to use of market-based approaches in the future (discussed below). Among the questions that have been raised are (1) whether new programs are needed to address new issues or can established programs just be expanded; (2) what expertise and funding that is not available will be needed to address these new issues; (3) should any new issues receive a higher priority among all conservation efforts than some of the older ones; and (4) will legislation establish reasonable expectations for dealing with these issues?

**Market-Based Approaches for Conservation.** Pressure has been growing to foster the use of market-based approaches in conservation. These approaches, which are based on establishing financial measures for services that can be provided and developing markets to sell or trade services, are viewed by some as offering landowners both a new way to be paid for environmental services that benefit society and a new way to protect and promote services that landowners have not been compensated for in the past. This approach has long found support in academic circles, but in recent years, support has spread more widely, especially in the forestry and conservation communities. Much of that interest has been stimulated by an increased desire to sequester carbon as a response to global climate change; earlier interest was concentrated in water quality trading. Among the questions that have been raised are (1) what opportunities are there to use more market-based approaches — establishing ecosystem markets or selling carbon credits, for example — in conservation; (2) what baseline work to establish values for these service and markets is needed to foster their development and operation; (3) what roles can agriculture play in addressing global climate change through the use of markets; (4) what is the federal role in the development and operation of markets generally; and

(5) how should markets be monitored to make sure that the services that benefit to society are being provided.<sup>8</sup>

**Conservation at Larger Scales.** Conservation has traditionally been applied at the scale of either the individual farm or smaller (a field or even a portion of a field). Since conservation problems, such as excessive soil erosion, tend to be concentrated in portions of watersheds, interest has grown in considering larger areas, such as watersheds or ecosystems, where problem sites can be identified and conservation most efficiently applied. The result, advocates of this approach say, would be programs that are more efficient in resolving conservation problems. Research in several watersheds has shown that, commonly, about 80% of the conservation problems originate in about 20% of a watershed. Since all participation in conservation programs is voluntary, these programs often are not implemented where problems are most severe or concentrated, especially when implemented on a farm or field basis. Among the questions that have been raised are (1) can the locations where conservation problems are most concentrated be identified; (2) how much more efficient might conservation programs be if they could address problems at the watershed scale; (3) would other related changes need to be made in the conservation approach (such as not encouraging participation by those who do not have the most severe problems on their land); (4) are there some programs for which this approach should not be used; and (5) what role should land retirement programs play at a watershed or ecosystem scale?

**Partnership Opportunities.** One premise behind the federal conservation effort is the extensive use of partnerships involving multiple public and private organizations. This approach has proven increasingly important as the conservation mission has rapidly expanded over the past two decades to include new topics and responsibilities, while the agencies dealing with that expanded mission have found it challenging to change as quickly. The third party provider system established in the 2002 farm bill may provide lessons about both the potential and limitations of partnerships. Some conservation advocates believe that there are additional opportunities to expand the use of partnerships. Among the questions that have been raised are (1) how extensively can partnerships supplement staff capacity and capability; (2) what are some of the factors that might limit or inhibit the use of partnerships; (3) should the current third party system be altered in any way; (4) who are the possible leaders of conservation partnerships; (5) what benefits do partners bring to the conservation effort, and are there any significant offsetting costs; and (6) what role(s) might voluntary partnerships, such as the Bush Administration's Cooperative Conservation Initiative, play in future conservation policy.<sup>9</sup>

**Measuring Conservation Accomplishments.** Critics and some conservation advocates have raised questions about what the overall conservation effort actually accomplishes as the level of activity and federal spending have both grown. The Department of Agriculture has initiated the Conservation Effects Assessment Program (CEAP) to develop some insights that might help address this

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<sup>8</sup> For more information on this topic, see CRS Report RL34042, *Environmental Services Markets: Farm Bill Proposals*, by Renee Johnson.

<sup>9</sup> More information on this Initiative can be found at [<http://cooperativeconservation.gov>].

question. In addition, the Resource Conservation Act (RCA), enacted 1978 and expiring at the end of 2007, requires that the Department conduct a periodic assessment of natural resource conditions and prepare a national plan to respond to what was learned. Among the questions that have been raised are (1) should the RCA be reauthorized, and, if so, should it be amended; (2) should Congress identify its expectations for what should result from the CEAP effort; (3) how should measures of accomplishments be integrated with conservation programs; (4) should the evaluation efforts explore such questions as how efficient and effective are each conservation program, how enduring are their benefits, and do these programs serve equally various sectors of agriculture and various regions of the country; and (5) what mechanisms are incorporated into each program to monitor and measure accomplishments.

## **Congressional Activities**

**House Farm Bill (H.R. 2419).** The House passed its version of the farm bill on July 27, 2007, reauthorizing programs through FY2012. The legislative process in the House started when the House Agriculture Committee's Subcommittee on Conservation, Credit, Energy, and Research marked up a "discussion draft" of the conservation title on May 23, 2007. The subcommittee adopted the draft with six amendments. The discussion draft was prepared before key decisions about funding had been made, and as a result, it included two options for funding levels for several programs.

Committee Chairman Peterson released a chairman's mark, dated July 13, which made numerous changes to the language approved by the subcommittee and served as the basis for the full committee markup.<sup>10</sup> The full committee marked up the farm bill between July 17 and July 19, 2007, and reported it on July 23, 2007 (H.Rept. 110-256, pt. 1). While several amendments to the conservation title were offered, and a portion of these were adopted, these amendments could probably be characterized more as fine-tuning than as major changes to this title.

The full House adopted a manager's amendment and an en bloc reserve fund amendment, which altered many aspects of the conservation title, as reported. However, most of the 31 amendments that were allowed to be debated on the floor were defeated or withdrawn. Among these amendments, the House rejected three that would have altered the conservation title. Most notable among these may have been the Kind Amendment, which would have made numerous changes enhancing funding and adding a new forestry program. It was defeated in a roll call vote, 117 to 309.

As passed by the House, Title II, Conservation, contains the following provisions. All programs are authorized through FY2012, unless otherwise noted, and spending for four programs amended in other sections is authorized in Section 2401.

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<sup>10</sup> A copy of the conservation (and other) titles and a short summary of major provisions can be found at the committee's farm bill home page, at [<http://agriculture.house.gov/inside/Legislation/110/ConservationSBS.pdf>].

***Section 2101 would reauthorize the Conservation Reserve Program (CRP).***

The CRP, a multi-year land retirement program, would be reauthorized at the current enrollment level of 39.2 million acres. Other provisions would make eligible multi-year rotations of grasses and legumes; extend the wetland program; address invasive species using prescribed grazing; allow managed grazing under a management plan at a reduced rental rate; allow dryland crop production and grazing on certain lands enrolled in the Conservation Reserve Enhancement Program; require development of an annual survey of dry land and irrigated land rental rates; add provisions to facilitate the transfer of land from retiring to beginning and socially-disadvantaged producers; and allow producers to terminate contracts at any time if they are at least five years old and not enrolled under the continuous enrollment. (Amends Secs. 1231-1235 of the 1985 Food Security Act.)

***Section 2102 would reauthorize the Wetlands Reserve Program (WRP).***

The WRP protects agricultural wetlands and buffers using multi-year agreements and easements. Section 2102 would be reauthorized at 3.605 million acres, with an annual enrollment goal of 250,000 acres. Other provisions would allow up to 10,000 acres of the acres enrolled annually to be in eligible flood plains using easements; add new provisions on eligible and ineligible lands, compensation for easements, and considering and ranking offers; and authorize a new enhancement program modeled after the Conservation Reserve Enhancement Program. (Amends Sec. 1237 of the 1985 Food Security Act.)

***Section 2103 would amend the Conservation Security Program (CSP).***

The CSP is a land stewardship program to apply conservation on so-called working lands. Section 2103 would be replaced with a new subsection requiring all contracts to be for five years and allowing one extension for an additional five years in return for providing additional conservation benefits in addressing at least one priority resource of concern; specifying the contents of a conservation security contract; permitting contract changes under limited specified circumstances; allowing contracts to be terminated under certain circumstances, and when land is transferred; not penalizing producers for non-compliance caused by factors that are beyond the producer's control; specifying how offers are to be evaluated; coordinating participation with the organic production program; requiring the Secretary to identify up to five priority resources of concern in areas within a state; providing stewardship enhancement payments; limiting these payments under a contract to \$150,000 over a five-year contract term; limiting technical assistance to 15% of the total amount spent on the CSP each year; and honoring existing contracts under the previous program while prohibiting new contracts between September 30, 2007, and October 1, 2011. (See Section 2401 for funding provisions, which eliminate enrollment between FY2008 and FY2012.) The Secretary would collect and analyze data on payments and accomplishments. (Amends Secs. 1238-1238C of the 1985 Food Security Act.)

***Section 2104 would reauthorize the Grasslands Reserve Program (GRP).***

The GRP retires and restores grasslands under long-term agreements and easements. Section 2104 would be authorized to enroll an additional at 1.34 million acres. The bill would allow up to 10% of the enrollment each year to be certain lands that had been enrolled in the CRP. It would also authorize an enhancement program similar to the Conservation Reserve Enhancement Program, specify how fair market value is to be determined, and require the Secretary to transfer easements to states or

qualified private organizations who meet certain requirements. (Amends Secs. 1238N-1238Q of the 1985 Food Security Act.)

***Section 2105 would reauthorize the Environmental Quality Incentives Program (EQIP).*** EQIP, the central conservation cost-sharing program, would be amended by Section 2105 to add forest management and energy to the program purposes (and both topics would be added to other subsections); forest management practices would be added to the list of eligible land management practices; coordinated implementation by multiple landowners would be permitted; the cost-share for beginning and socially disadvantaged producers, and for gasifier technology, would be increased to 90%; the Secretary would be authorized to make incentive payments to use third party providers, develop a comprehensive nutrient management plan, or implement certain energy-related improvements; the provisions for ranking and evaluating applications would be restated; at least 5% of the funds would be provided each year to beginning producers and at least 5% would be provided to socially disadvantaged and limited resource producers; custom feeding businesses would be eligible to participate in EQIP; priorities for evaluating applications would be set; and water conservation assistance and irrigation efficient practices would be allowed only if they will lead to a net water savings. (Funding levels would be authorized in Section 2401.) It would also reauthorize and provide funding for the Conservation Innovation Grants subprogram, to consist of four programs, including (1) \$10 million annually for innovative grants; (2) \$5 million annually for a new comprehensive conservation planning subprogram, with the specification that a new pilot project under this subprogram be implemented in the Chesapeake Bay watershed; (3) \$5 million annually for grants to serve organic and specialty crop producers; and (4) a new air quality program to help meet regulatory requirements funded at \$10 million in FY2008 and growing to \$55 million in FY2012. (Amends Secs. 1240-1240H of the 1985 Food Security Act.)

***Section 2106 would create a new Regional Ground and Surface Water Enhancement Program.*** This program, within EQIP, would coordinate water supply and water quality activities on agricultural lands using competitive grants. It would replace the Ground and Surface Water Conservation Program. Five identified priority areas would receive up to 50% of the funds each year. Elements to be used in grant applications and criteria for selecting proposals are specified, and grants could not exceed five years. Funding would be \$60 million annually, with administrative expenses limited to 3%. (Amends Sec. 1240I of the 1985 Food Security Act.)

***Section 2107 would reauthorize the Grassroots Source Water Protection Program,*** increasing annual funding levels million to \$20 million through FY2012. (Amends Sec. 1240I of the 1985 Food Security Act.)

***Section 2108 would reauthorize, without amendment, the Conservation of Private Grazing Lands Program.*** (Amends Sec. 1240M of the 1985 Food Security Act.)

***Section 2109 would reauthorize, without amendment, the Great Lakes Basin Program for Soil Erosion and Sediment Control.*** (Amends Sec. 1240P of the 1985 Food Security Act.)

***Section 2110 would reauthorize the Farmland Protection Program (FPP).*** The FPP, which protects agricultural lands meeting certain qualifications from conversion to non-agricultural uses using long-term agreements and easements, would be renamed the Farm and Ranchland Protection Program. Program priorities would be to protect productive soils that are at risk of non-agricultural development, and to support implementation of state and local policies. A detailed certification process for participants eligible to receive grants is spelled out, with certification to be reviewed every three years; a conservation plan would be required if highly erodible land is to be protected; and the federal share could not exceed 50% of the easement's fair market value. (Funding levels would be authorized in Section 2401.) (Amends Secs. 1238H-1238I of the 1985 Food Security Act.)

***Section 2111 would reauthorize, without amendment, the Farm Viability Program.*** (Amends Sec. 1238J of the Food Security Act.)

***Section 2112 would reauthorize the Wildlife Habitat Incentive Program (WHIP).*** WHIP protects and promotes wildlife and fish species and their habitat. The cost-share for long-term agreements would be increased from 15% to 25%. (Funding levels would be authorized in Section 2401.) (Amends Sec. 1240N of the 1985 Food Security Act.)

***Section 2201 would reauthorize the Agricultural Management Assistance Program.*** This program provides cost-sharing assistance to address risk-related problems in 15 specified states where crop insurance enrollment has been historically low. Hawaii and Virginia would be added to the list of eligible states. Of the funds made available, 50% would go to conservation activities, 10% would go to the Agriculture Marketing Service, and 40% would go to the Risk Management Agency. (Amends Sec. 524(b) of the Federal Crop Insurance Act.)

***Section 2202 would amend the Resource Conservation and Development Program (RC&D).*** RC&D, a multi-country program to promote conservation programs in rural areas, would be amended to emphasize locally led planning, and to authorize a coordinator to be appointed to each council to provide technical assistance. It also would delete program evaluation requirements. (Amends Sec. 1528 of the Agriculture and Food Act of 1981.)

***Section 2203 would reauthorize the Small Watershed Rehabilitation Program.*** It would provide \$65 million annually in discretionary funding for FY2008 through FY2012 and \$50 million annually in mandatory funding from FY2009 through FY2012. (Amends Sec. 14(h) of the Watershed Protection and Flood Prevention Act.)

***Section 2301 would authorize a new Chesapeake Bay Program for Nutrient Reduction and Sediment Control.*** Provisions would require that the Secretary of Agriculture develop a comprehensive restoration plan within two years of enactment and specifies topics the plan should address. It would require the development of projects to restore or enhance the Bay watershed and mandatory funding starting at \$10 million in FY2008 and growing each year to \$55 million in FY2012, and would limit federal spending on any single project to less than \$5 million. Other provisions would require coordination with other federal and state efforts; specify a minimum

non-federal cost-sharing level of 35%; and state that operation and maintenance will not be federal responsibilities. (Adds a new Sec. 1240Q to the 1985 Food Security Act.)

***Section 2302 would authorize a new Voluntary Public Access and Habitat Incentive Program.*** This program would provide grants to encourage producers to provide public access for wildlife-related purposes. Annual appropriations of \$20 million for FY2008 through FY2012 would be authorized. (Adds a new Sec. 1240R to the 1985 Food Security Act.)

***Section 2303 would authorize a new Muck Soils Conservation Program.*** This program would make payments of between \$300 and \$500 per acre to conserve and improve muck soils, as defined. Annual appropriations of \$50 million for FY2008 through FY2012 are authorized.

***Section 2401 would authorize funding levels for many of the mandatory conservation programs.*** It would authorize funding for the Conservation Security Program (\$1,454 million between FY2007 and FY2012 and \$1,927 million between FY2007 and FY2017 for contracts signed before 10/1/07, and \$5.1 billion between FY2012 and FY2017 for contracts signed after 10/1/11); the Farm and Ranchland Protection Program (\$125 million in FY2007, growing each year to \$280 million in FY2012); the Environmental Quality Incentives Program (\$1.25 billion in FY2008, growing each year to \$2.0 billion in FY2012); and the Wildlife Habitat Incentives Program (extends authorization at \$85 million annually through FY2012). (Amends Sec. 1241 of the 1985 Food Security Act.)

***Section 2402 would improve technical assistance for producers.*** It would make it easier for producers to use an approved third party, require payments for technical services to be at least at market rates, require each state to review and approve its technical assistance specifications, ensure that technical assistance addresses the needs of specialty crop producers, and permit agreements and contracts with non-federal entities to provide technical assistance needed to implement conservation programs. (Amends Sec. 1242 of the Food Security Act of 1985.)

***Section 2403 would authorize a new Cooperative Conservation Partnership Initiative.*** This initiative would be established using 10% of funds from three specified conservation programs (Conservation Security Program, Environmental Quality Incentives Program, and Wildlife Habitat Incentive Program), with 90% of those funds allocated to states and awarded by state conservationists. This initiative would provide two- to five-year competitive grants to carry out projects involving multiple producers and cooperators. Criteria for considering grants and priorities for selection are specified; priorities include water or air quality improvements, water conservation, state wildlife and other similar plan implementation, invasive species control, forest resource management, pesticide management, food safety, and protecting farmland from conversion. The federal cost share would be at least 75%, and incentive and bonus payments could be made for specified purposes. (Amends Sec. 1243 of the 1985 Food Security Act.)

***Section 2404 would reauthorize the regional equity provision.*** It would increase the authorized amount for each eligible state to \$15 million per year. (Amends Sec. 1241(d) of the 1985 Food Security Act.)

***Section 2405 would simplify and streamline access to conservation programs.*** It authorizes a simplified and single application process for individuals who wish to participate in conservation programs to reduce complexity and minimize redundancy. The Secretary would report to Congress how it has implemented this provision. (Amends Sec. 1244 of the 1985 Food Security Act.)

***Section 2406 would authorize an annual report on specialty crop producer participation in conservation programs.*** The initial report would be submitted within 180 days of enactment. (Adds a new Sec. 1252 to the 1985 Food Security Act)

***Section 2407 would authorize the development of performance standards that would be used for market-based approaches.*** It would require an Environmental Services Standards Board to be established to set standards that could be used to promote market-based approaches to conservation and environmental benefits produced by agriculture for which there are no existing markets. Appropriations of \$50 million would be authorized, to remain available until expended. (Adds a new Sec. 1245 of the 1985 Food Security Act.)

***Section 2408 would amend provisions authorizing state technical committees.*** Changes would include specified representation by agricultural interests; authorizing subcommittees and listing six topics they might address, and shortening and generalizing provisions that describe their responsibilities. (Amends Secs. 1261 and 1262 of the 1985 Food Security Act.)

***Section 2409 would add new provisions on payment limits.*** Payment limits would be set at \$60,000 per year for any single program authorized by the farm bill, or \$125,000 for more than one program. Three conservation would be excluded: Wetlands Reserve Program, Farm and Ranchland Protection Program, and Grasslands Reserve Program. (Adds Sec. 1246 to the Food Security Act of 1985.)

***Section 2501 would amend the adjusted gross income limit.*** It would add packing and handling operations to the exempt income. (Amends Sec. 1001 of the 1985 Food Security Act.)

***Section 2502 would encourage the Secretary to develop sustainable practices guidelines for specialty crop producers and processors when administering the conservation title.***

***Section 2503 would require the Secretary to designate at least one farmland information center.*** The center(s), funded by at least \$400,000 but no more than \$0.5% of the funds made available for the Farm and Ranchland Protection Program, would distribute information on farmland protection topics.

*Section 2504 would authorize a pilot four-year crop rotation program for peanuts.* The contract would be with a producer and provide mandatory funding not to exceed \$10 million per year.

**Senate Agriculture Committee.** The Senate Agriculture Committee staff is continuing to prepare its version of the conservation title. Discussions in the farm press and elsewhere repeatedly suggest that the versions of this title that eventually emerge from the Senate will have significant differences from the House-passed version that will need to be resolved in conference.

## Appendix A

Some of the other proposals that had been placed before the House and Senate Agriculture Committees are summarized below. Provisions in some of these proposals can be found in the House version of the farm bill, often in an altered form. It seems likely that some of these proposals also will be incorporated into the Senate conservation title.

### The Administration's Proposal

The Administration offered its set of 10 conservation farm bill proposals to Congress on February 2, 2007, then submitted implementing legislative language in late April. These proposals came out of a process that started with more than 50 listening sessions, followed by issuing four broad theme papers. The theme paper on conservation and the environment, issued in June 2006, identified four “generalized alternatives”: (1) improve existing conservation programs; (2) provide “green payments” for land in production to enhance environmental benefits and provide income support; (3) encourage private sector markets for environmental services; and (4) expand conservation compliance or establish a standard of care.<sup>11</sup> The Administration estimated that its ten conservation proposals would cost \$7.8 billion above current conservation costs. The proposals (and additional costs) are as follows:

- **Consolidate six financial assistance programs** that provide conservation cost-sharing funds and technical assistance in a revised Environmental Quality Incentives Program, and create a new sub-program to deal with water quality and quantity issues on a regional basis (\$4.25 billion over the current 10-year baseline).
- **Amend the Conservation Security Program** to emphasize higher levels of conservation, and expand enrollment from the current 15 million acres to 96 million acres in 10 years, while simplifying the program (\$500 million above the current 10-year baseline).
- **Consolidate the three easement programs** for working lands into a single program (\$900 million above the current 10-year baseline).
- **Increase the focus of the Conservation Reserve Program on environmentally sensitive lands**, with priority for whole fields enrolled on which biomass crops for energy are produced.
- **Increase the Wetlands Reserve Program enrollment cap** to 3.5 million acres, and consolidate this Reserve with the floodplain easement program (\$2.125 billion increase above the 10-year baseline).
- **Expand conservation compliance** to include “sod saver” to discourage conversion of grasslands into crop land.
- Designate 10% of financial assistance for each conservation program to **socially disadvantaged and beginning producers**.
- Encourage the development of **private environmental markets** to supplement and complement conservation programs (\$50 million).

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<sup>11</sup> For more information on the green payment concept, as well as a comparison of views about it from the United States and Europe, see CRS Report RL32624, *Green Payments in U.S. and European Union Agricultural Policy* by Jeffrey A. Zinn.

- **Repeal regional equity** provisions requiring a minimum amount of conservation funds go to each state, in order to increase allocations for the most meritorious program areas.
- **Consolidate the two emergency conservation programs.**

## Other Selected Legislative Proposals

**Bills Introduced.** Several bills containing conservation proposals for the next farm bill have been introduced. Two bills — H.R. 1551 (Kind)/S. 919 (Menendez) and H.R. 1600 (Cardoza) — have been receiving more attention because of their broad scope, and also because each has many cosponsors. Both bills would increase conservation spending more than the House Agriculture Committee is calling for and expand the conservation effort in other ways. Provisions in both of the larger bills are outlined below. They appear to represent much of the range of policy and program changes sought by the conservation and environmental communities. Following these two bills is a list of provisions from a third bill, H.R. 1766, which is an example of more limited legislative proposal; in this instance, a focus on the Chesapeake Bay watershed. These three bills are a sampling from a larger group of legislative proposals.

**H.R. 1551 (Representative Kind)/S. 919 (Senator Menendez).** H.R. 1551, the Healthy Farms, Foods, and Fuels Act of 2007, was introduced on March 15, 2007, and S. 919, an identical bill, was introduced on March 20, 2007. H.R. 1551 had more than 100 cosponsors while S. 919 also has several cosponsors. The bill has four titles, and about 70% of the bill (by length) is the conservation title. All reauthorizations are through FY2013, unless otherwise noted. Topics addressed in this bill also are addressed in H.R. 1600, unless they are identified as not being in both bills. The conservation title of H.R. 1551/S. 919 includes the following provisions:

- Section 101 would reauthorize the **Conservation Reserve Program** and make numerous amendments, such as greater consideration of animals and forests, and greater focus on environmental benefits.
- Section 102 would reauthorize the **Wetlands Reserve Program**, increasing the total enrollment goal to 5 million acres and specifying annual maximums. It would make other amendments, such as making the protection of rare and endangered species a priority.
- Section 103 would reauthorize the **Conservation Security Program**, making changes in the structure, eliminating maintenance payments, changing some enrollment procedures, and limiting technical assistance expenditures to 15% of a contract's value.
- Section 104 would reauthorize the **Grasslands Reserve Program**, increasing total enrollment to 10 million acres and setting several enrollment goals. It would add provisions for biodiversity, pasture-based operations, and an enhancement subprogram where states contribute a portion of the funds (similar to the Conservation Reserve Enhancement Program in the CRP).
- Section 105 would reauthorize the **Environmental Quality Incentives Program**, at \$2.0 billion annually. Among other changes, it would add new provisions for forest stewardship, enhanced manure and nutrient management, and state performance incentives; and increase funding for

two subprograms, Conservation Innovation Grants and Ground and Surface Water Conservation.

- Section 106 would reauthorize the **Wildlife Habitat Incentives Program**, increasing funding to \$300 million annually in FY2012 and FY2013. It would also expand the use of long-term agreements, add priorities, and promote fish habitat.
- Section 107 would authorize a new **Cooperative Conservation Partnership Initiative** using two- to five-year grants involving multiple producers. It lists numerous evaluation criteria for applications, eight program priorities, and funding criteria. It would provide funding by using 20% of the annual allocation for several specified conservation programs.
- Section 108 would reauthorize the **regional equity** provisions and increase the minimum amount each state would receive to \$15 million annually.
- Section 109 would exclude conservation payments from the cap on **adjusted gross income** that is used to exclude from farm programs, potential participants with very high annual incomes.
- Section 110 would increase annual funding for the **Agricultural Management Assistance Program** to \$40 million and specifies the allocations among the three component subprograms. *(Provision not included in H.R. 1600.)*
- Section 111 would authorize \$50 million a year for a new **Community Forests and Open Space Program** to help protect forests in and near communities in states designated by the Secretary. *(Provision not included in H.R. 1600.)*
- Section 112 would authorize the **Farmland Protection Program** through FY2012 at \$300 million annually.
- Section 113 would authorize mandatory funding, with no amount specified, for the **Healthy Forests Reserve Program**. *(Provision not included in H.R. 1600.)*
- Section 114 would authorize an **Integrated Pest Management Initiative** in priority areas identified by the Secretary that would be integrated with EQIP and use a portion of the funds provided for EQIP and CSP.
- Section 115 would authorize a new initiative for **socially disadvantaged farmers and ranchers**, funded using up to 10% of the money provided to several conservation programs. *(Provision not included in H.R. 1600.)*
- Section 116 would establish a **Conservation Loan Guarantee Program**. It specifies loans qualifications and provides an unspecified amount of mandatory funds for implementation.
- Section 117 would authorize \$40 million annually in mandatory funding to establish a pilot program for **Comprehensive Conservation Planning** in five specified locations (the Chesapeake Bay watershed, for example, is one of them). *(Provision not included in H.R. 1600.)*
- Section 118 would address **technical assistance** by clarifying the role of third-party providers and establishing a financial-aid program to assist students in exchange for a commitment to work for NRCS.

**H.R. 1600 (Representative Cardoza).** H.R. 1600, the Equitable Agriculture Today for a Healthy America or the EAT Healthy America Act, was introduced on March 20, 2007. This legislation had more than 100 cosponsors, including several members of the House Agriculture Committee. This bill encompasses more farm bill topics than H.R. 1551, with eight titles. Some have referred to it as the California farm bill because provisions center on topic of greatest interest to

California producers. The conservation title is more than 40% of the total bill (by length). All programs in this bill are authorized through FY2012. Sections that are identical or nearly identical to similar provisions in H.R. 1551 are identified as such. The conservation title includes the following sections.

- Section 201 would reauthorize the **Conservation Security Program** by adding eight findings about importance and potential benefits.
- Section 202 would reauthorize the **Conservation Reserve Program** and make numerous amendments, such as greater recognition of rare and endangered species and habitat, and limiting the portion of land in the program that can be enrolled through a general signup.
- Section 203 would reauthorize the **Wetland Reserve Program**. It is similar to Section 102 of H.R. 1551.
- Section 204 would reauthorize the **Farmland Protection Program**, and is identical to Section 112 of H.R. 1551.
- Section 205 would reauthorize the **Grasslands Reserve Program** and establish annual enrollment levels increasing to 3 million acres in 2012 and annually thereafter. Other changes would include allowing land in the CRP to be transferred into this program; adding considerable detail about who can hold easements, and adding an enhancement subprogram where states contribute a portion of the funds (similar to the CREP in CRP).
- Section 206 would reauthorize the **Wildlife Habitat Incentives Program**, and is similar to Section 106 of H.R. 1551. It would give more emphasis to rare and endangered species and their habitat, and require coordination with state wildlife plans.
- Section 207 would reauthorize the **Environmental Quality Incentives Program**, gradually increasing the annual authorization to \$2 billion in FY2012. It would amend the existing statute in several ways, such as modifying incentive payment rates. It would increase funding for Ground and Surface Water and Innovative Grants subprograms, and add a new section on air quality.
- Section 208, which would authorize a new **Cooperative Conservation Partnership Initiative**, is nearly identical to Section 107 of H.R. 1551.
- Section 209 would reauthorize the **regional equity** provisions, providing a minimum of \$12 million annually to each state.
- Section 210 would authorize an **Integrated Pest Management Initiative** that is nearly identical to Section 114 of H.R. 1551.
- Section 211 would address **technical assistance** and is similar to Section 118 of H.R. 1551. In addition, it would require development of technical assistance for specialty crop producers.
- Section 212 would establish a **Conservation Loan Guarantee Program**, and is nearly identical to Section 116 of H.R. 1551.
- Section 213 would amend the **Emergency Conservation Program** to add providing assistance to clean up debris in nurseries affected by natural disasters. *(Provision not included in H.R. 1551.)*
- Section 214 would exclude conservation payments from the cap on **adjusted gross income**, and is identical to Section 109 of H.R. 1551.
- Section 215 would encourage the Secretary to develop guidelines for **voluntary sustainable practices** for specialty crop producers. *(Provision not included in H.R. 1551.)*
- Section 216 would require the Secretary “whenever practicable” to assist specialty crop producers in addressing the adverse impacts of **long-term climate change**. *(Provision not included in H.R. 1551.)*

**Other Bills: An Example.** In addition to these general bills, measures that are more specific to a particular topic or location have been introduced. One example is H.R. 1766, introduced by Representative Van Hollen on March 29, 2007, and titled the Chesapeake's Healthy and Environmentally Sound Stewardship of Energy and Agriculture Act of 2007. This bill has multiple cosponsors. It would amend and create programs through FY2013 to target conservation (and bioenergy) activity either specifically to the Chesapeake Bay watershed or to places that are confronting the types of conservation issues found in the Chesapeake Bay watershed, focusing especially on the need to improve water quality by reducing nutrients and sediments. Justifications for taking these actions are outlined in a findings section. Conservation provisions in this legislation would:

- Reauthorize the **Environmental Quality Incentives Program**, giving priority to multi-state watersheds with impaired waters, creating new subprograms for small privately owned forest land and regional water quality enhancement, and expanding the Conservation Innovation Grants subprogram (increases to \$2 billion/year).
- Reauthorize the **Conservation Reserve Program**, and set aside 7 million acres for enrollment under the continuous enrollment and conservation reserve enhancement (CREP) options. Environmental standards would be raised for newly enrolled lands. (Overall enrollment ceiling remains at 39.2 million acres).
- Reauthorize the **Conservation Security Program**, eliminating the multi-year spending caps and allowing continuous enrollment in multi-state watersheds (the Chesapeake Bay watershed is specified as eligible). If funding is limited, priority is to be given to watersheds impaired by nutrients (no funding level specified).
- Authorize a new **pilot Comprehensive Planning Technical Assistance Program** that would be created for the Chesapeake watershed (\$10 million/year).
- Reauthorize the **Wetlands Reserve Program**, with a target of enrolling 25,000 acres in the Chesapeake Bay watershed by 2010 (total enrollment cap would increase to 3.5 million acres).
- Reauthorize the **Agricultural Management Assistance Program**, and add Virginia to the list of eligible states (\$50 million/year).