

# CRS Report for Congress

## Conservation and the 2007 Farm Bill

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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. The House and Senate Agriculture Committees are each assembling their versions of farm bill conservation titles, drawing 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. The House Agriculture Committee has issued “discussion drafts” of all farm bill titles. These drafts have been acted on at the subcommittee level, with full committee consideration scheduled to start soon. The Senate Agriculture Committee staff continues to develop its version of the farm bill, and Chairman Harkin anticipates that the committee can begin consideration of its version soon as well.

Although conservation is but one of many titles in the pending farm bill, it is becoming more central to farm policy. Conservation is viewed by some as a potential alternative to commodity programs as a way to deliver government support, and has been receiving a growing portion of agricultural spending. 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. Others caution that overall funding 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 Agriculture Committee’s discussion draft and more briefly summarizes provisions in some of the other bills that have been introduced (H.R. 1551, S. 919, H.R. 1600, and H.R. 1766). The committee draft would provide more modest increases in funding for conservation programs than many of the alternative conservation bills are calling for, add some new freestanding conservation initiatives in areas such as working cooperatively and using market-based approaches, add new topics — forest management and invasive species, for example — to some existing programs, and reauthorize all expiring conservation programs. The other three bills discussed in this report include large conservation sections and would make more substantial changes to some conservation programs, while providing more funding to the conservation effort.

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 appears likely to continue. This farm bill seems likely to contain 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. Agriculture Committee chairs in both chambers have stated that they will attempt to complete the conference on this legislation by September 30, 2007. Both agriculture committees have held numerous hearings and currently are drafting and refining legislation. A few of these hearings focused on conservation topics. For example, the Senate Agriculture Committee held an oversight hearing on the Conservation Security Program and Environmental Quality Incentives Program on January 17, 2007, and a general conservation hearing on May 1, 2007, while the House Agriculture Committee's Subcommittee on Conservation, Credit, Energy, and Research held a hearing on the status and performance of conservation programs on April 19, 2007. At these hearings, interest groups offered recommendations and expressed support or opposition for many the proposals that have emerged. At many other farm bill hearings, which have been more general or addressed other agricultural topics, numerous witnesses have made observations or offered recommendations about conservation topics.

Multiple groups have developed and presented to Congress recommendations for changes to conservation policies and programs. These range from general principles to very specific changes and legislative language, and from changes limited to a specific farm bill title or program 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>1</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 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>2</sup>

This report covers the issues shaping the debate and will track the conservation title of the new farm bill from committee action to potential enactment. It is limited to the contents of the conservation title, which is not necessarily the same as the broader topic of conservation. Conservation issues, that is, topics that are associated with protecting or restoring natural resources and the environment in conjunction with the production of food or fiber, have been increasingly addressed in other titles

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<sup>1</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*.

<sup>2</sup> Information on these proposals can be accessed through the American Farmland Trust website at [<http://www.farmland.org>].

in recent farm bills where 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>3</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. Many of these 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 these 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.

**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, probably by fully funding the \$20 billion five-year deficit-neutral reserve fund that was approved in the FY2008 congressional budget resolution. Yet to be determined is how much, if any, of the \$20 billion reserve fund would be made available to the agriculture committees to craft the next farm bill. 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>4</sup> After the program funding levels are 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 for biofuels in 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

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<sup>3</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*.

<sup>4</sup> For additional information about authorized funding levels and actual funding, by year, for all the mandatory conservation programs from 2003 to the present, see CRS Report RS22243, *Mandatory Funding for Agriculture Conservation Programs*.

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>5</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 for green payments?

**Payment Limits.** Limiting commodity support payments has been a major issue for many years, and now that same issue is being raised about conservation payments.<sup>6</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) how might payment limits change patterns of program participation and accomplishment for conservation programs; (2) how much money might be saved using different payment limit options; (3) where should any savings be allocated; and (4) should a single payment limit apply to each conservation program, or to all programs combined?

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<sup>5</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* and CRS Report RL34010, *WTO Compliance Status of the Conservation Security Program and the Conservation Reserve Program*.

<sup>6</sup> For additional information on commodity program payments, see CRS Report RS21493, *Payment Limits for Farm Commodity Programs: Issues and Proposals*.

**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 programs and their rules are easier to explain. Of the Bush Administration's ten conservation proposals for this farm bill (see "The Administration's Proposal," below), 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); and (4) 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. The capacity to provide technical assistance has been augmented by a system of qualified third party providers, authorized in the 2002 farm bill. Capacity has also increased as a result of the efficiencies gained through the broad application of the computer. 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; (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?

**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 production of crops 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; and (6) addressing air quality issues. In addition, new approaches continue to be added to the conservation tool kit, such as pending proposals to establish a foundation for using 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>7</sup>

**Conservation at Larger Scales.** Conservation has traditionally been applied at the scale of either the individual farm or smaller (a field or 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 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 occupy about 20% of a watershed. Since all participation in conservation programs is voluntary, these programs often do not address the most severe or concentrated problems, 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 discouraging 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

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<sup>7</sup> For more information on this topic, see CRS Report RL34042, *Environmental Services Markets: Farm Bill Proposals*.

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 third party system be altered in any way; (4) what benefits do partners bring to the conservation effort, and are there any significant offsetting costs; and (5) what role(s) might voluntary partnerships, such as the Bush Administration's Cooperative Conservation Initiative, play in future conservation policy.<sup>8</sup>

**Measuring Conservation Accomplishments.** Critics and some conservation advocates have raised more 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 explore some aspects of this 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 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 how do these programs serve 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 Agriculture Committee.** The House Agriculture Committee's Subcommittee on Conservation, Credit, Energy, and Research marked up a "discussion draft" of the conservation title of the 2007 farm bill on May 23, 2007. The subcommittee adopted the draft with six amendments. Committee Chairman Peterson has announced that he anticipates full committee consideration of the omnibus farm bill to begin shortly after the July 4 recess. The Committee bill would reauthorize programs through FY2012. This bill was prepared before key decisions about the amount of funding available for conservation programs have been made (those decisions are still pending). As a result, the committee bill assumes two different levels of funding for several programs. The higher amount assumes the availability of additional funding from the \$20 billion deficit-neutral reserve fund. The lower level of funding assumes no new funding above the current baseline. Those options are identified in **Table 1**, after the summary of provisions in this bill.

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<sup>8</sup> More information on this Initiative can be found at [<http://cooperativeconservation.gov>].

Funding for programs not identified in **Table 1** would not be affected by the reserve fund. This conservation title includes the following provisions.<sup>9</sup>

- The **Conservation Reserve Program (CRP)**, a multi-year land retirement program, would be reauthorized at the current enrollment level of 39.2 million acres. Other provisions would extend the wetland pilot program; address invasive species; increase the federal portion of the cost share to install conservation practices from 50% to 75%; 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 that are at least five years old at any time. (Sec. 2101 amends Secs. 1231-1235 of the 1985 Food Security Act.)
- The **Wetlands Reserve Program (WRP)**, a program that protects agricultural wetlands and buffers under multi-year agreements and easement, would be reauthorized, with the size of the program to be determined based on available funding (see **Table 1**), and an annual enrollment goal of 250,000 acres. Other provisions would allow up to 10,000 acres in flood plains to be enrolled annually using easements; add new provisions on management costs; ranking offers; and authorize a new enhancement program modeled after the Conservation Reserve Enhancement Program. (Sec. 2102 amends Sec. 1237 of the 1985 Food Security Act.)
- The **Conservation Security Program (CSP)**, a land stewardship program to apply conservation for so-called working lands, would be replaced with a new CSP authorized from FY2012 through FY2017 (There would be no new enrollments between FY2008 and FY2011.) It replaces the entire subsection with new language, placing new multi-year limits on available funding, with amounts unspecified for contracts signed after October 1, 2012; limiting all contracts to five years and allowing one extension for an additional five years; specifying the contents of a conservation security contract; eliminating the 3 tiers of contracts in current law; prohibiting contract changes except at the end of the contract period under most circumstances; allowing participants to terminate contracts under certain circumstances; specifying how offers are to be evaluated; eliminating enhancement payments; and limiting total payments under a contract to \$150,000 over a five-year contract term. The Secretary would identify up to 5 priority resources of concern in each state or portions of a state and rank them. (Sec. 2103 amends Secs. 1238-1238C of the 1985 Food Security Act.)
- The **Grasslands Reserve Program (GRP)**, which retires and restores grasslands under long-term agreements and easements, would be reauthorized, with the size to be determined by available funding (see **Table 1**). The committee 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, and require the Secretary to transfer easements to qualified private organizations. (Sec. 2104 amends Secs. 1238N-1238Q of the 1985 Food Security Act.)

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<sup>9</sup> A more complete list of provisions in the Committee's conservation title can be found at the Committee's farm bill home page, at [<http://agriculture.house.gov/inside/Legislation/110/ConservationSBS.pdf>].

- The **Environmental Quality Incentives Program (EQIP)**, the central conservation cost-sharing program, would be reauthorized, with the funding level to be determined (see **Table 1**). It would add forest management and energy to the program purposes (and include them both in other subsections); add forest management practices to the list of eligible land management practices; authorize the Secretary to make incentive payments for renewable energy systems, to receive technical assistance from third party providers, and to develop comprehensive nutrient management plans; restate the provisions for ranking and evaluating applications; and allow water conservation assistance and irrigation efficient practices only if they will lead to a net water savings and comply with state law. It would also reauthorize and increase funding for the Conservation Innovation Grants subprogram, making it available for specialty crops and emphasizing technology transfer. It also would authorize a new comprehensive conservation planning subprogram, and specify that a new pilot project under this subprogram be implemented in the Chesapeake Bay watershed. It would provide \$10 million in mandatory funding annually from FY2008 through FY2012 for innovation grants, \$5 million per year for comprehensive conservation planning, and \$5 million for organic and specialty crop producers. (Sec. 2105 amends Secs. 1240-1240H of the 1985 Food Security Act.)
- A new **Regional Ground and Surface Water Enhancement Program** to coordinate activities on agricultural lands would be created within EQIP, with the funding level to be determined (see **Table 1**) and administrative expenses would be limited to 3%. This section also would reauthorize and increase funding for the **Grassroots Source Water Protection Program** from \$5 million annually to \$20 million annually through FY2012. (Sec. 2106 amends Sec. 1240I of the 1985 Food Security Act.)
- The **Conservation of Private Grazing Lands** provisions would be reauthorized through FY2012. (Sec. 2107 amends Sec. 1240M of the 1985 Food Security Act.)
- The **Great Lakes Basin Program for Soil Erosion and Sediment Control** would be reauthorized through FY2012. (Sec. 2108 amends Sec. 1240P of the 1985 Food Security Act.)
- The **Farmland Protection Program (FPP)**, which protect agricultural lands from conversion to non-agricultural uses using long-term agreements and easements, would be renamed the Farm and Ranchland Protection Program, and reauthorized. This provision also adds a definition for qualified state or local entities; designates the NRCS as the administering agency; states that the program purposes are to protect agricultural production capacity and related conservation values; requires a certification process to determine whether potential program participants are eligible to receive grants, and review certifications every three years; requires a conservation plan if highly erodible land is involved; and specifies the method to be used to determine fair market value. (Sec. 2109 amends Secs. 1238H-1238I of the 1985 Food Security Act.)
- The **Farm Viability Program**, a component of the Farmland Protection Program, would be reauthorized through FY2012. (Sec. 2110 amends Sec. 1238J of the Food Security Act.)
- The **Wildlife Habitat Incentive Program**, a program to protect and promote wildlife and fish species and habitat, would be reauthorized at an unspecified funding level through FY2012. (Sec. 2011 amends Sec. 1240N of the 1985 Food Security Act.)

- The **Agricultural Management Assistance Program**, which provides cost-sharing assistance to address risk-related problems in 15 specified states where crop insurance enrollment has been historically low, would be reauthorized, with funding levels to be determined for the overall program (see **Table 1**) and allocated among the three component programs. (Sec. 2201 amends Sec. 524(b) of the Federal Crop Insurance Act.)
- The **Resource Conservation and Development Program (RC&D)**, a multi-country program to promote conservation programs in rural areas, would be amended to emphasize locally-led planning and authorize a coordinator to each council to provide technical assistance. It also would delete program evaluation requirements in current law. (Sec. 2202 amends Sec. 1528 of the Agriculture and Food Act of 1981.)
- The **Small Watershed Rehabilitation Program** would be reauthorized at \$65 million in discretionary funding and the amount in mandatory funding to be determined (see **Table 1**). (Sec. 2203 amends Sec. 14(h) of the Watershed Protection and Flood Prevention Act.)
- A new **Chesapeake Bay Program for Nutrient Reduction and Sediment Control** would be created. Provisions include sense of Congress statements; a requirement that a comprehensive plan be developed within two years of enactment; the development of projects to restore or enhance the Bay watershed, starting with projects in 3 specified subwatersheds; authorization of appropriations to total \$100 million between FY2008 and FY2013, and limiting federal spending on any single project to less than \$5 million. Other provisions specify that state water quality standards be considered; require public participation and coordination with other federal and state efforts; specify a minimum cost-sharing level of 35%; and state that operation and maintenance are not federal responsibilities. (Sec. 2301 adds a new Sec. 1240Q to the 1985 Food Security Act.)
- **Funding levels** for many of the mandatory conservation programs are specified in a separate section of current law, and this bill would continue to follow that structure, authorizing funding for the Conservation Security Program (\$1,454 million between FY2007 and FY2012 and \$1,927 million between FY2007 and FY2017, and an unspecified amount between FY2012 and FY2017 for contracts entered into after October 1, 2012), the Farmland Protection Program, renamed)(see options in **Table 1**), the Grasslands Reserve Program (no changes beyond extended the period of authorization through FY2012), Environmental Quality Incentives Program (see options in **Table 1**), and the Wildlife Habitat Incentives Program (no changes beyond extending the period of authorization through FY2012). (Sec. 2401 amends Sec. 1241 of the 1985 Food Security Act.)
- A new **Cooperative Conservation Partnership Initiative** would be established using 10% of funds from other conservation programs, 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. The federal cost share would be at least 75%. (Sec. 2402 amends Sec. 1243 of the 1985 Food Security Act.)
- The authorized appropriations level for the **regional equity** provision would be increased from \$12 million to \$15 million per year. (Sec. 2403, amending Sec. 1241(d) of the 1985 Food Security Act.)

- A new **simplified application process** for individuals who wish to participate in conservation programs would be authorized to reduce complexity and minimize redundancy. The Secretary would review the current application process and make recommendations to streamline it within one year of enactment. (Sec. 2404 adds a new subsection to Sec. 1244 of the 1985 Food Security Act.)
- Authorizes new provisions that would fund the development of performance 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. (Sec. 2405 adds a new subsection to Sec. 1244 of the 1985 Food Security Act.)
- Provisions authorizing **state technical committees** would be amended to give agricultural interests specified representation, authorize subcommittees and specify six topics they might address, and shorten and generalize the presentation of their responsibilities. (Sec. 2406 amends Secs. 1261 and 1262 of the 1985 Food Security Act.)

**Table 1. Funding Provisions in the House Agriculture Committee's Conservation Title, With and Without the Reserve Fund**

<b>Program</b>	<b>With Reserve Fund</b>	<b>Without Reserve Fund</b>
Wetlands Reserve Program	Enroll 3.775 million acres through FY2012.	Enroll 2.275 million acres (the current enrollment ceiling) through FY2012.
Environmental Quality Incentives Program	Provides \$2.0 billion per year from FY2008 through FY2012.	Provides \$1.55 billion in FY2008, \$1.7 billion in FY2009, \$1.8 billion in FY2010, \$1.9 billion in FY2011, and \$2.0 billion in FY2012.
Farm and Ranchland Protection Program	Provides \$300 million annually in FY2008 through FY2013.	Provides \$150 million in FY2008, \$200 million in FY2009, \$240 million in FY2010, \$280 million in FY2011, and \$300 million in FY2012.
Grasslands Reserve Program	Enroll 7 million acres in total through FY2012.	Enroll 2 million acres in total (the current enrollment ceiling) through FY2012.
Watershed Rehabilitation Program	\$65 million annually from FY2009 through FY2012.	\$0.
Agricultural Management Assistance Program	Provides \$30 million annually through FY2012.	Provides \$25 million annually through FY2012.
Regional Ground and Surface Water Enhancement Program	Provides \$100 million per year from FY2008 through FY2012.	Provides \$60 million per year from FY2008 through FY2012.

Source: Compiled by CRS.

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

## 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>10</sup> The Administration’s ten conservation proposals would cost \$7.8 billion above current conservation costs, according to its own estimates. 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).
- **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.**

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<sup>10</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*.

## 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. It is not clear whether either agriculture committee might incorporate portions of these bills into legislation they will be developing, or if proponents might offer these bills as options to the committee bill when farm bill legislation is considered on the floor of either chamber. Provisions in both of the larger bills are outlined below. They appear to represent much of the range of likely proposals from 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.

**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 has 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 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 currently has 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 called 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).

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