

SUSTAINABLE AGRICULTURE COALITION

March 12, 2003

Charles Whitmore, Acting Director
Conservation Operations Division
Natural Resources Conservation Service
P.O. Box 2890
Washington, D.C. 20013-2890

Re: Advanced Notice of Proposed Rulemaking for the Conservation Security Program

Dear Mr. Whitmore:

This letter contains the comments and recommendations of the Sustainable Agriculture Coalition in response to the Advanced Notice of Proposed Rulemaking for the Conservation Security Program, published in the Federal Register on February 18, 2003 (Fed. Reg. Vol. 68, No 32, pages 7720-7722).

Our response is in four parts:

- I. A Brief Summary of Our Vision for the Program
- II. Six Urgent Points for CSP Implementation
- III. Detailed Responses to the 15 Questions Posed in the ANPRM
- IV. Ten Additional Key Points with Recommendations

Thank you for the opportunity to comment and for carefully considering our views. We look forward to reviewing the proposed rule in the near future. Please do not hesitate to contact us if you have any questions about our comments or if we can assist you in any other way.

Sincerely,

Ferd Hoefner
Washington Representative
Sustainable Agriculture Coalition

cc: Secretary Ann Veneman
Deputy Secretary James Moseley
Chief Economist Keith Collins
Under Secretary Mark Rey
Deputy Under Secretary Mack Gray

Chief Bruce Knight
Associate Chief Thomas Weber
Natural Resource Manager Gary Margheim
Acting Deputy Chief Jose Acevedo
Associate Deputy Chief Carole Jett
Program Manager David McKay

I. Brief Summary of Our Vision for the Program

The Conservation Security Program (CSP) will reward farmers and ranchers who voluntarily implement effective conservation on their working lands. Farmers and ranchers will receive public support as they provide public benefits to the nation's natural resources and environment. They will solve critical resource problems, with graduated rewards for increasing efforts. The program will emphasize a systems approach and will move toward a performance, outcome-based reward structure. Both current and new conservation practices and systems will receive incentives – thus recognizing the good stewards of today while encouraging others to join their ranks. Special incentives will be provided to encourage diversified resource-conserving crop rotation systems, managed rotational grazing systems, conservation buffers and other high payoff, multiple benefit conservation measures.

All regions of the country and all types of agriculture will participate on a fair and equitable basis. There will be a continuous enrollment process and all producers with approved conservation plans will be able to participate without competitive bidding or delay. Benefits per farm or ranch will be capped at a modest amount annually but support will be ongoing for the life of the CSP conservation plan and contract, and contracts may be renewed.

Whole farm planning will be fostered, with a focus on cost-effective land management practices and systems. On-farm research and demonstration of new or not widely adopted systems and practices will be encouraged. On-farm and watershed level monitoring and evaluation will also be encouraged to document results. In sum, the CSP will be the most innovative and exciting program in the federal agricultural conservation toolbox and a critical new component of U.S. farm policy for years to come.

II. Six Urgent Points for CSP Implementation

In light of CSP-related events that have occurred since the President signed the CSP into law last May, we urge you to:

- 1. Quicken the pace of program implementation:** The statutory deadline for promulgating rules to implement the CSP has already passed. We urge you to accelerate the rule making process and to launch the CSP in time for significant enrollment opportunities in FY 2003.
- 2. Ensure implementation on a comprehensive, nationwide basis:** As has been the case for many previous USDA conservation program start-ups, including EQIP, WHIP, CRP, and others, the CSP is to be implemented from the start on a nationwide, comprehensive basis. All regions of the country and all types of agriculture must be allowed to participate. As you state in the introductory material to the ANPRM, the program “is available in all 50 States, the Caribbean Area and the Pacific Basin area. The program provides equitable benefits to all producers, regardless of size of operation, crops produced, or geographic location.”
- 3. Uphold and defend the conservation entitlement program status of the CSP:** The program should be implemented on an entitlement basis as the law requires. Hence, once producers meet the rigorous natural resource and environmental requirements for approval of their conservation plan, they should automatically be enrolled in a contract – without delay and with no allocation formulas, selection processes, bidding systems, or waiting lists.
- 4. Require real natural resource and environmental benefits:** Standards and requirements for the program should be rigorous, and gaps and weaknesses in the existing NRCS infrastructure establishing quality criteria for resource management systems and conservation practice standards should be filled and strengthened on an expedited schedule. Right from the outset, program implementation should incorporate plans for making a transition to outcome, performance-based measures as soon as is practicable.
- 5. Retain real payment limitations:** The law includes firm per farm payment limitations that vary by tier as well as direct attribution provisions and these should be adhered to strictly. Absolutely no loopholes or exceptions should be enacted via regulation, program manual, or practice. Enforcement of the limitations and direct attribution should be vigorous and strict.
- 6. Support restoration of full funding:** The recently signed omnibus appropriations bill caps the CSP at \$3.77 billion through 2013. While this action does not change the underlying entitlement status of the program, it would have the very unfortunate effect of prohibiting additional farmers from enrolling (or renewing contracts) after the cap had been reached. We urge you to give strong support to the bipartisan Senate leadership commitment to remove this cap in upcoming appropriations legislation and restore the program to its full and complete 2002 farm bill status.

III. Comments and Recommendations in Response to the 15 Questions Posed in the Advanced Notice of Proposed Rulemaking (ANPRM)

ANPRM QUESTION #1: The law specifies that conservation security plans address one or more “significant” resource concerns. Resource concerns may be as general as soil erosion or water quality or as specific as soil erosion by water or ground water quality. Many concerns have no practical direct measurement techniques or tools. What criteria should be used to determine what is a resource concern and whether a resource concern is significant?

We note that “significant resource of concern,” “resource of concern,” and “state and local conservation priorities” are equivalent terms created by the CSP law, which ought to receive one clear definition in the rules. Below, we use the term “resource of concern” and suggest it be chosen as the term of art in the regulations and program manual.

Designation of Resources of Concern: Of central importance to the success of the CSP is the correct designation of “resources of concern.” The goal is to make sure the problems a farmer decides to address are ones that has been identified as actual resource concerns on that farm -- or would be absent the conservation farming system that may already be in place -- the resolution of which will make a significant impact on the nation’s resources.

If the program is implemented correctly, every CSP participant will choose from a short list of top priority natural resource concerns relevant to their farm and locality, and will resolve those resource concerns (all of them in the case of Tier III contracts) to a non-degradation standard. That means that at least one of the natural resources known to be at greatest risk on that operation will be addressed using a conservation system that incorporates a mix of practices. Whether existing or newly implemented, the suite of practices must be reasonably expected to achieve the non-degradation, sustainable use/productivity, resource enhancement level of protection. The CSP is thus not only well targeted to the actual problems of each farm and locality but is also the first federal conservation program to require statutorily that solutions be planned to resource management system quality criteria.

If the program is not implemented properly, there is a risk that program dollars will be wasted on minor or even non-existent resource issues, while the greater problems go unaddressed.

The primary criterion for a resource of concern is evidence of significant degradation of a resource, either on the farm itself, on other farms in the locality, or off-site. In other words, the resource conditions related to one or more resources of concern do not meet the minimum acceptable quality criteria, or would not absent conservation systems already put in place. Direct measurement, direct observation, and assessment models and tools should be used to help identify resource concerns.

In order to prioritize the most significant concerns, we recommend that each CSP enrollee be presented with at least two but no more than five to eight resources of concern relevant to their operation and location from which they can choose.

The regulations should require State Conservationists to designate resources of concern, based on the input of the State Technical Committees and local work groups. Some resources of concern may be statewide; many will be localized to reflect unique geographic, climatic, or production situations. Each state should review all available information from the full range of other agencies with missions related to water and air quality and wildlife and also seek out local input to determine where resource degradation is occurring.

The Department should review each state list of resources of concern and give final approval to the list only when a factual basis for impairment of resources exists, and when a reasonable basis for prioritization of concerns has been demonstrated.

A few national resource concerns could also be set by NRCS (within regional boundaries where appropriate), where good data exists (such as for wind and water erosion) or where issues cut across state and regional boundaries. Soil building, carbon sequestration, enhancement of biodiversity, and major reductions in the use of synthetic chemical inputs are examples of these potential national resource concerns.

Specificity of Resources of Concern: We recommend that resource concerns be relatively specific in order to give farmers guidance about which problem to solve. For example, rather than something as broad as “water quality,” more appropriate designations for a resource of concern would be runoff of nutrients, pesticides, or sediment, contribution to flooding, or groundwater contamination by nutrients or pesticides. Similarly, for soil quality appropriate concerns might be compaction, poor soil tilth and organic matter, low carbon levels, or soil contamination by pesticides, nutrients, pathogens, organics, salinity, or metals.

Comprehensive and Whole Farm Planning: While statements of resource concerns should be relatively specific, participants nonetheless should be encouraged to address as many concerns as possible. In fact, the law directs the agency to encourage all producers to develop “a comprehensive, long-term strategy for improving and maintaining all natural resources of the agricultural operation.” This mission should be central to staff training for CSP implementation and should be incorporated in a significant way into the CSP conservation planning process. Of course, at tier III the CSP requires a whole farm plan at the Resource Management System level that meets or exceeds the qualify criteria for all identified resource concerns. The effort to encourage whole farm planning also will be aided by the enhanced payment factor number two, which provides bonus incentives for addressing other conservation objectives beyond the minimum requirement (for tiers I or II) or all beyond all resources of concern (for Tier III).

Quality Criteria: You note in Question #1 that many resources of concern have no existing direct measurement techniques or tools. To the maximum extent possible, quality criteria should be quantifiable and measurable. Where existing quality criteria are quantifiable, these measures should be used and required for CSP participants. Where existing quality criteria are not quantifiable but could be, effort should be made to revise the technical guides on an expedited basis. In cases where measurements and measurement tools are not fully developed, the program should encourage research and demonstration projects, using farmers as part of the research through the CSP on-farm research and demonstration provision and enhanced payment. Where appropriate and practicable, such farmer-driven initiatives should be linked with broader agency,

university, or NGO research projects to improve quality criteria and measurement techniques and tools.

Such efforts, while important to CSP implementation, are also a normal and necessary part of the ongoing work of improving the NRCS infrastructure to better assess and protect agriculturally-related natural resources and environmental values. Thus, the challenge presented by CSP implementation is pushing the system to where it needs to be in any event.

ANPRM QUESTION #2: The law requires that NRCS establish minimum requirements for three tiers of conservation effort. The minimum could be as specific as a list of minimum practices or as general as bundling of conservation measures that achieve a desired resource outcome. What should be the minimum requirements for each tier? Should NRCS establish minimum requirements that apply to all contracts nationally? What could some of these requirements be?

While the CSP is designed for ease of enrollment, it is essential for the integrity of the program that real, measurable conservation benefits are the outcome. Therefore, the program should be based on thorough, site-specific conservation planning. Moreover, the law requires every plan to address at least one resource of concern for the locality, plus any additional conservation objectives of the producer may choose. The resource or resources of concern must be resolved to a non-degradation or sustainable use standard. Qualified plans should include suites of practices whose scope and intensity yield significant benefits. CSP implementation should be guided by a commitment to holistic resource management and an integrated agricultural and conservation systems approach.

There are a number of other aspects of the CSP statute and report that allow the program to maintain these high standards, including language:

- requiring that least cost alternatives be pursued;
- providing enhanced payments for resource-conserving crop rotations, managed rotational grazing, and other outstanding sustainable farming systems yielding multiple benefits;
- prohibiting payments for basic conservation compliance measures on highly erodible cropland where already required by law;
- prohibiting payment on newly broken out cropland;
- prohibiting payments for equipment and nonland-based structures unless they are an integral part of the conservation system and essential to achieving the conservation purposes of the plan; and
- prohibiting payments for animal waste storage and related structures and transport or transfer devices for animal feeding operations.

All of these program features and protections, which make the CSP a strong environmental program, should be implemented rigorously.

Tiers: The CSP tier concept is an important advance. Determining which tier a producer should apply for is a relatively simple process. However, determining the requirements for each tier

must be decided upfront in the rule and program guidance. The statute requires a minimum of one resource of concern be solved to the non-degradation/sustainable use RMS quality criteria level for both tier I and tier II participation, but also authorizes the Secretary to determine and approve the “*minimum requirements for each tier of conservation contracts.*” We strongly recommend this broad minimum requirement authority be used to require tier II contracts to address at least two resources of concern. In other words, tier I would be at least one resource of concern, tier II at least two resources of concern, and tier III all applicable resources of concern. In our view, this would strengthen the program and improve the differentials in the tier system.

We also strongly encourage the rules governing the tiers clarify that tier II to require a whole farm, conservation systems approach that includes the biggest impact practices, including, as appropriate to the particular operation and resource concerns being addressed, resource-conserving crop rotations, cover crop systems, and managed grazing, as well as conservation buffers, agroforestry practices, wetland, prairie, and other ecosystem restoration projects, and other similar efforts where relevant and appropriate.

With respect to tier I contracts, which unlike tier II or III may pertain to just a portion of a farm, the rules should direct that selected practices are implemented to a degree and on a sufficient portion of the agricultural operation to contribute significantly to the overall environmental performance of the operation.

Compliance: The law requires all CSP participants to comply with the conservation requirements of the 1985 farm bill, commonly referred to as swampbuster, sodbuster, and conservation compliance. We strongly urge the Department to utilize its broad authority under the CSP to set minimum requirements for each tier to enhance the compliance feature in two important ways. First, for the purposes of participating in the CSP, compliance should be to a level at or below the soil loss tolerance level, consistent with the quality criteria orientation of the CSP. Second, again for the purposes of the CSP, compliance should be applied to all land eroding at greater than the tolerance level, not just so-called highly erodible land.¹

Initial Inventory and Basic Monitoring: We encourage you to consider at least two other minimum requirements that could also apply across all three tiers. As part of the CSP conservation planning process, NRCS could require a simple inventory and initial benchmark of farm resources and resource conditions as a means to help document natural resource and environmental benefits and results over time. The agency might also make some very basic level of on-farm monitoring, related directly to the designated resources of concern, a required element of each CSP contract, with more intensive or expansive monitoring and evaluation activities eligible for enhanced payment factor five (see further ideas on monitoring in response to question # 8). Much of what is needed to develop an inventory and to monitor progress

¹ While we strongly endorse these expansions of compliance with respect to CSP, we want to be very clear that we are not in any way saying that soil erosion must be chosen as a resource of concern being addressed, or that only producers with erosion problems should be eligible for the program, or that producers subject to compliance in any way achieve a priority status with respect to the CSP. Rather, we are saying that all participants in the CSP with erodible land of any kind should maintain conservation systems that keep them at or below the tolerance level.

toward contractually-specified goals is already available in NRCS handbooks and other publications.

Resource Enhancement: Of equal importance to minimum requirements for the success of CSP is the careful adherence to the requirement that approved conservation security plans achieve or exceed the quality criteria for the resource or resources of concern, the subject of question number one. Simply doing a helpful practice is not enough. Each farm plan must integrate into an overall farming-conservation system a mix of practices, whether existing or newly implemented, that can reasonably be expected to achieve the non-degradation, sustainable use, resource enhancement level of protection. In this regard, the “minimum requirements” should stress that non-degradation, while a necessary and important objective, is not sufficient and should not be the end goal. Resources should be sustainably managed and improved over time so as to be more robust, productive, and resilient in the future. Thus, resource regeneration and enhancement should be the ultimate goal set by the program.

In some cases practice standards and quality criteria will have to be upgraded to meet the purposes of the CSP, and whenever possible should include measurable goals for enhancing and preventing degradation of resources. Adding measurable goals to practice standards and quality criteria will aid planning efforts and help improve program and farm plan evaluation down the road.

ANPRM QUESTION #3: The law requires NRCS to describe the particular practices to be implemented, maintained, or improved as part of the program. What criteria should be used to determine which practices and activities are eligible for payment under the program? Should specific practices or activities receive priority for payment under the program? To what extent should sets of practices and activities be accorded priority for payment under the program?

The full range of NRCS science-based and field-tested land management, vegetative, and structural conservation practices that provide beneficial, cost-effective natural resource conservation and environmental enhancement should be eligible for payment under the program. These should include whatever practices are appropriately combined into a conservation system that solves the resources of concern being addressed by the CSP participant, as well as additional practices that apply to other conservation issues the producer decides to address. Interim practices should also be eligible for payment, as should as practices that are part of approved CSP on-farm research and demonstration projects.

Of course, the practices and situations the statute prohibits should be reflected in the rule – no payments for basic conservation compliance measures on highly erodible cropland where already required²; no payments on newly broken out cropland; no payments for equipment and nonland-

² In implementing the conservation compliance provision, it is critical for the agency to distinguish between the minimum acceptable conservation plan for the soil type and topography and higher levels of conservation that some producers have undertaken in meeting compliance requirements. The CSP payment prohibition applies to that minimum acceptable response and should not apply to ongoing active

based structures unless they are an integral part of the conservation system and essential to achieving the conservation purposes of the plan, and; no payments for animal waste storage and related structures and conveyances.

The law also provides another important implementation requirement that speaks to the question of priorities for payment: *“In determining the eligibility of a practice described in clause (i), the Secretary shall require, to the maximum extent practicable, that the lowest cost alternatives be used to fulfill the purposes of the conservation security plan, as determined by the Secretary.”* This is an extremely important directive and suggests that in most instances management-intensive approaches will be favored over more expensive structural approaches if they can be used to achieve the identified outcome. It also suggests that lower cost structural practices will be preferred over more expensive ones. This directive should be highlighted in the rule and in the program manual.

Another point related to this question has been raised frequently in discussions about the CSP -- the need to ensure that standards for tier I will result in real conservation benefits being achieved. This issue is addressed in part by our response to question number one -- ensuring that real resources of concern are being addressed. It is also addressed by our recommendation under question number two -- ensuring that tier I practices are implemented to a degree and on a sufficient portion of the agricultural operation to contribute significantly to the overall environmental performance of the operation.

The issue of whether tier I enrollments are extensive and intensive enough to result in significant conservation and environmental benefits is not primarily a question about particular priority practices but rather an issue concerning the need for careful field staff determinations. Whatever the practices selected, staff must determine that they are implemented to a degree and on a sufficient portion of the agricultural operation to contribute significantly to the overall environmental performance of the operation. While this determination ultimately needs to be made at the field level, it is critical for the rule to stress its importance and for the program manual to make this finding part of the standard operating procedure.

ANPRM QUESTION #4: The law restricts the maximum base payment to a percentage of the total contract cap (i.e. 25 percent for tier I and 30 percent for tiers II and III). What should be the balance of the base payment, maintenance cost-share payment and enhancement payment to reward the steward and attain additional conservation benefits?

The cap for base payments is a reflection of congressional intent to weight the balance of payments toward enhanced payments and cost-share for management/maintenance and new installation costs. While the base payment is capped, neither the cost share nor the enhanced payment is capped, until the payment limit combining all three factors for the tier is reached.

Enhanced payments are one of the program’s most important features. These enhanced payment opportunities reflect the vision of the program to reward strong environmental performance and

practices incorporated into a producer’s compliance plan that went above and beyond the minimum acceptable requirements. The higher efforts should be eligible for maintenance/management payments.

to pay for results. It is expected that enhanced payments will be a very substantial part of the total payments for many producers. We provide further insight into enhanced payments in response to question number eight.

Management and maintenance payments are also an important feature, reflecting the program objective to recognize the ongoing costs associated with maintaining conservation. We provide further comments on cost share payments in our additional response number one.

ANPRM QUESTION #5: The law uses the extent of the agricultural operation covered by the contract as a primary distinction between tiers I and II. Tier I covers the “enrolled portion of the agricultural operation”, while tiers II and III cover “the entire agricultural operation.” With the variety of ownership and landowner-tenant relationships which change over time across the country, how should “agricultural operation” be defined?

Agricultural operation should be defined as all the land the producer has in production, whether the land is owner-operated or is cash or share leased, regardless of the number of farm tracts, the number of sites, or the number of locations being farmed. The intent of the CSP is to motivate producers to apply conservation to all of the acres they work on by providing incentives to enroll in tier II or III.

ANPRM QUESTION #6: The law specifies the eligible land for payment purposes as cropland, grassland, prairie land, and rangeland as well as forestland that is an incidental part of the agricultural operation. Should noncropped areas, such as turn rows or riparian areas, that are part of the agriculture operation be included for conservation treatment? Should farmsteads, ranch sites, barnyards, feedlots, equipment storage, material-handling facilities, and other such developed areas be considered part of the “agricultural operation?” What criteria should be used to determine those areas of a farm or ranch that might legitimately be excluded from the “agricultural operation?”

All land areas subject to conservation practices, whether riparian buffers, field borders, vegetated turn rows, windbreaks, waterways, restored or protected wetlands, etc., should be included as part of the agricultural operation and count toward base payment acres and, where applicable, cost share and maintenance payments. Similarly, lands containing barnyards, feedlots, farmsteads, ranch sites, and storage and handling facilities that have active, qualified conservation practices being applied to the land area should be eligible for base payments and, as applicable, for cost share and maintenance payments. Houses, driveways, and lawns should be excluded. The law specifically excludes animal waste storage and treatment facilities from payments. Also by law, woodlots and forested areas are not eligible except for agro-forestry practice areas.

ANPRM QUESTION #7: The law specifies that NRCS make a base payment as part of a conservation security plan using either the 2001 national rental rate for a specific land use or another appropriate rate that assures regional equity. How should NRCS determine the base payment? If an alternative to the national rental rate is used, how should it be constructed? Should the payments be determined at the national, state or local levels?

We strongly oppose using national average rental rates. Using national average rates advantages producers in areas with low cash rents (or land values) and disadvantages those in areas with higher rents or values, resulting in enormous inequities and distortions.³ We strongly favor using state or county average⁴ rates rather than national ones.

We also strongly favor using land values, preferably agricultural use land values, rather than rental rates. The combination of using more localized rates and switching to agricultural use land values⁵ will greatly improve regional equity and also equity between types of agriculture. Using agricultural use land valuation rather than market land valuation has the important advantage of discounting the substantial development value that exists in many areas.

We also believe strongly there should be no grass-based farming penalty. Cropland should be valued as cropland even if currently in pasture – otherwise there would be a perverse incentive for cropping and a penalty against environmentally beneficial grass-based systems. Alternatively, the base payments could be geared to land capability class rather than current use of the land. This would make the formula more complex, but more precise.

ANPRM QUESTION #8: The law provides for an enhanced payment if an owner or operator does one or more of the following: (a) implements or maintains practices that exceed minimum requirements; (b) addresses local conservation priorities; (c) participates in on-farm research, demonstration, or pilot projects; (d) participates in a watershed or regional resource conservation plan; or (e) carries out assessment and evaluation activities relating to practices included in a conservation security plan. Enhanced payments are meant to ensure and optimize environmental benefits. How should enhanced payments be determined and calculated?

The enhanced (bonus) payments are a central feature of the CSP, designed to reward the most environmentally beneficial systems and practices, and, to the maximum extent possible, to pay

³ Using 2002 NASS data, we note that for cropland a dozen states (and no doubt a substantial number of counties in other states) exceed that national average rental rate. For pasture land, only the mountain and southern plains states do *not* exceed the national average, and the majority of the other states exceed the national average by a factor of 200 to 300%.

⁴ Another interesting alternative to consider would be agroecosystem-based regional rates, ignoring political boundaries. We assume, however, this option would be more difficult for the Department to develop and, therefore, in the interests of time, might not be practicable.

⁵ In using land values, the amount must be divided by an appropriate factor to bring it to a level in the same general ballpark as cash rents. In the various options we have run, division by 20 or a number in the low 20s seems to work well.

for results. These payments ought to be a very significant part of the total payments for producers prepared to take advantage of them. In order for CSP to work as an incentive, the enhanced payment structure must be relatively simple, easy to understand, and clearly related to the choices farmers are considering as they prepare their conservation security plans. Enhanced payments must not be something calculated separately from the farm planning process. Rules should clearly spell out the enhanced payment structure. In the future, as performance-based systems evolve, the first two enhanced payments hopefully will be based even more directly on performance.

Of high importance to the ultimate success of the CSP is the special enhanced payment status of resource-conserving crop rotations, managed rotational grazing, conservation buffers, and other high impact, high pay-off practices and systems. In our view these should be highlighted and promoted heavily in program delivery. We address rotations and buffers more specifically in our additional comments in Part IV of this document, but would also note here that conservation buffers should be approved for enhanced payments only when they are adopted in connection with full appropriate treatment on the surrounding or adjoining land.

In the following table, we propose a schedule for awarding enhanced payments. This national schedule of enhanced payments would be applicable to every state, but could be modified and by each State Conservationist to reflect local priorities and goals. States could also add enhanced payment categories to directly address their particular goals. In our proposal, each factor would only be awarded once per year per CSP contract-holder, unless otherwise noted.

<u>Factor I</u>	All Tiers	Tier 1 (partial operation)	Tier 2 (whole operation)	Tier3 (whole operation)
I.A. Resource conserving crop rotation, managed rotational grazing, conservation buffers ⁶ , or other similarly far-reaching conservation practice designated by the Secretary yielding high multiple resource benefits and requiring a less intensive land use than continuous production of resource-depleting crops, implemented to a degree and on a sufficient portion of the agricultural operation to contribute substantially to the overall environmental performance of the operation		\$5 per acre, but not less than \$1,000 in total; or alternatively calibrate payment to gross sales volume rather than acreage ⁷	\$10 per acre, but not less than \$5,000 in total; or alternatively calibrate payment to gross sales volume rather than acreage	\$12 per acre, but not less than \$6,000 in total; or alternatively calibrate payment to gross sales volume rather than acreage
I.B. Substantially exceeds minimum quality criteria requirements for each resource of concern and, as applicable, the underlying conservation practice requirements of the Field Office Technical Guides		An amount equivalent to 25% bonus (i.e., up to 100% effective rate) on cost share and maintenance payments, but not less than \$1000	An amount equivalent to 45% bonus (i.e., up to 120% effective rate) on cost share and maintenance payments, but not less than \$2000	An amount equivalent to 55% bonus (i.e., up to 130% effective rate) on cost share and maintenance payment, but not less than \$3000

⁶ Conservation buffer and partial field practice eligibility for enhanced payment factor one should be limited to instances in which the buffer practice is integrated with appropriate treatment to the surrounding or adjoining fields.

⁷ The minimum amount is included to respond to the equity concerns of small acreage producers including specialty crop producers. An alternative would be to calibrate the bonus amount to gross sales per acre, which would make the payment formula more precise, though more complex. Another option to consider if very small operations are potential enrollees would be a “whichever is less” formula – i.e., the minimums in the chart above or a multiple (e.g., 3x) of the per acre rate, whichever is less. No maximum amount is contemplated other than that provided by the overall payment limits of the program (\$20,000, \$35,000, \$45,000 for Tiers 1, 2, and 3, respectively.)

<u>Factor II</u>	All Tiers	Tier I	Tier II	Tier III
Includes additional designated Resource of Concern beyond the required one, planned to the quality criteria - payment for each additional RC		\$1,000	\$2,000	n/a
Includes an approved individual resource concern(s) ⁸ – payment for each additional RC		\$1,000	\$2000	\$3,000
<u>Factor III</u>				
Includes approved on-farm research and demonstration project meeting guidelines ⁹		Up to \$1,500 per year for each year of the approved project, for costs, time and effort	Up to \$2,500 per year for each year of the approved project, for costs, time, and effort	Up to \$4,000 per year for each year of the approved project, for costs, time, and effort
Includes approved on-farm demonstration project with field days or similar activity	Up to \$500 per year for each year of the project			

⁸ The producer would receive relevant cost share and management/maintenance payments for practices related to these additional approved individual resource concerns, with the enhanced payment bonus serving to encourage producers to undertake additional concerns. These might include such things as addressing in a substantial way energy conservation, soil quality and carbon enhancement, conservation and regeneration of plant and animal germplasm, environmentally sound management of invasive species, prairie restoration, wetland restoration, etc., in cases when one or more of these important conservation issues are not among the designated resources of concern.

⁹ We expect many, probably most, CSP on-farm research projects and demonstrations will be undertaken in coordination with non-governmental organizations with experience in running on-farm research programs and/or in cooperation with other USDA, land grant or cooperative extension on-farm research initiatives. The same organizations, institutions, and farms may also be engaged in on-farm monitoring and evaluation activities related to factor five either separately or combined with the research and demonstration efforts. These arrangements should be encouraged through appropriate cooperative agreements with experienced on-farm research, demonstration, and monitoring entities.

<u>Factor IV</u>				
Participates in watershed or regional plan that has met 75% CSP enrollment for targeted area – one time bonus payment for each participant	\$2000 ¹⁰			
<u>Factor V</u>				
Includes minimum suite of on-farm monitoring and evaluation tools appropriate to their practices with annual reporting requirement ¹¹		Up to \$1,000 per year	Up to \$2,000 per year	Up to 3,500 per year

¹⁰ We assume here that the watershed or other regional plan and project would itself be funded through some other means. The CSP bonus payment would be an incentive for producers to participate in the joint effort and to provide some compensation for spending time with the group to plan and help solve mutual problems. Actual implementation of the coordinated plan would no doubt need additional funding external to the CSP. An alternate option would be to use this enhanced payment factor as the means for creating a pooled fund for implementation of a watershed or regional plan.

¹¹ The actual enhanced payment rate for monitoring and evaluation would depend in part on the degree of effort and sophistication, but also on whether “monitoring and evaluation” itself were to become a conservation practice standard -- and thus eligible for cost share payments. If M&E were to be cost-shared in the future, the enhanced or bonus amount should reflect a consideration for the producer’s time and effort. If it is not cost-shared, then it should reflect both the cost and time/effort involved. In determining the M&E component of the CSP, including the enhanced payment and the potential cost share payment, careful consideration should be given to the possible role for Technical Service Providers or cooperators in assisting the producer through contract arrangements.

ANPRM QUESTION #9: The law does not limit the number of contracts held by a producer. Should there be a limitation on the total number of contracts a producer may have? If there is no limit on the number of contracts, should USDA set an individual payment limitation for producers with multiple contracts?

The law does limit each individual producer to one contract. The statute makes repeated and consistent reference to a producer's conservation security plan and a conservation security contract. Each and every reference in the law is to a plan (singular) and a contract (singular). There is not a single reference to multiple contracts in the statute. Therefore, we take issue with the first sentence in question #9. The law does not contemplate multiple contracts, and therefore USDA should not even be considering this question.

Also note that the structure of the different tiers prevents the need for, or possibility of, multiple contracts. For example, under tier I, a producer can enroll various portions of their operation. If they want to step-up to tier II, they must enroll their entire operation so tier I contracts are no longer relevant. If they want to step-up to tier III, they must address all resources of concern (not just one) on their entire operation so tier II contracts are no longer relevant. By the way the program is designed it is not possible to have multiple contracts spread across the different tiers. It is also not possible to have multiple contracts in tier II or tier III.

It might be possible to have multiple contracts under tier I -- if in fact the law provided for multiple contracts, which it does not -- but it would not be necessary. If a tier I enrollment involved several different portions of different fields or farms, they could all still be enrolled in a single contract. If a tier I enrollee added a new field into the CSP at a later date, the original contract could be amended to account for the additional land and practices.

Multiple contracts are not contemplated by the statute, are unnecessary, and would only serve to circumvent the clear intention of the payment limitation provision. Congress clearly intended to limit the funds flowing to each individual producer under CSP -- even if they might do more for conservation with larger payments. The intent is to entice all farmers to participate, but limit payments to a moderate amount per farmer per year. The program was not intended to pay for every last possible conservation practice and every last possible acre. To do so would not only run up the cost of the program substantially, but also risk the loss of public support and enthusiasm for the program.

Finally, even if USDA decided to allow for multiple tier I contracts, there would still be no need to "set an individual payment limitation for producers with multiple contracts" because the law requires direct attribution of payments back to the individual or entity. CSP payments are attributed directly to real persons regardless of the type or number of business entities, farms, locations or any other factor. Even if a tier I producer was allowed multiple contracts, all related payments would be attributed to the producer and the sum total could not exceed \$20,000.

The intent of Congress is clear that whichever tier a producer will fit within, there are specific payment limitations they cannot exceed. Therefore, it is strongly recommended that the law be followed as written and not altered through implementation of multiple contracts or through any other administratively-created loophole. After extensive debate, the CSP was passed by

Congress and signed by the President with strong limits on the payments any one producer can receive from the program -- \$20,000 (of which not more than \$5,000 may consist of base payments) for those enrolled at tier I, \$35,000 (of which not more than \$10,500 may consist of base payments) for those enrolled at tier II, and \$45,000 (of which not more than \$13,500 may consist of base payments) for those enrolled at tier III. USDA must implement the program to abide by these payment limits and to develop rules to ensure they cannot be evaded.

It is quite important that the regulations, program manual, and all other CSP implementing guidance materials clearly and strictly follow the law and the legislative history concerning payment limits. The rules need to be clear that all payments are direct attributed to real persons and clear that multiple contracts, whether for a single operation or for multiple operations by a single producer, are not allowed. This is critical both to the program's integrity and to controlling the program cost.

We also urge you to write clear rules and guidance, based on the statutory definition of producer, prohibiting payments to cash rent landlords and other individuals and entities not at risk. For crop share landlords, rules and guidance should clearly state that the share of the payments can be no greater than usual and customary crop shares for landlords in a given area. For actual producers who are at risk, rules and guidance should require material participation in the operation on a regular, continuous, and substantial basis, including personal provision of management, labor and on-site services.

ANPRM QUESTION #10: The law requires that the regulations provide for adequate safeguards to protect the interests of tenants and sharecroppers, including provisions for sharing payments, on a fair and equitable basis. Concerns have been raised over the impact of CSP provisions on owner/operator relationships including changes in rental rates or changes in operators. How can NRCS ensure that payments are shared on a fair and equitable basis?

It is extremely important that the share of payments to crop share landlords are not greater than the usual and customary crop share for landlords in the local area. This should be required by rule and enforced. Without such a provision, lease arrangements could be manipulated by the landlord to capture most of the payment stream.

The CSP contract should include a provision for both crop share landlord and tenant/sharecropper to sign that assigns CSP payment division. We also recommend an appropriate form be provided for reporting changes in a farming operation, with streamlined approval if new owners or renters agree to continue the CSP contract as previously agreed to.

Provision will also be needed for termination of a CSP contract or repayment if a tenant loses a farm or turns back operation of a farm to a landlord during the contract period. While the statute requires contract termination at this point, we urge that streamlined provisions be put in place to provide a new contract for the remaining portion of the operation on an expedited basis. Ultimately, we would support a technical correction to the statute to provide for a less cumbersome arrangement than contract termination in these instances. In the meantime, we urge

you to implement contract termination and new contract development in such instances as simply as possible, so that the process functions, in essence, as a simple contract modification to reflect the loss of particular acres.

Question #10 may also imply concern about changes in rental rates in cash rent situations. This of course is a longstanding concern for all types of farm payments for which there is no easy solution. We would point out, however, that it is a far more severe and serious matter with respect to commodity program benefits than the CSP and is another important reason why strong payment limit rules should be retained in the CSP and, even more so, should be restored to commodity programs. Strong payment limitations remove the fuel of uncapped federal payments from land price inflation, thus improving the farm profitability and competitiveness.

ANPRM QUESTION #11: The law requires a minimum contract length in CSP of five years. Many landlord-tenant relationships are short-term in nature, usually less than five years. Should the applicant be required to have control of the land for the complete CSP contract period? How should the program address the tension between the return to management versus the return to capital?

Consistent with the rules for other USDA conservation programs, the applicant should demonstrate a reasonable expectation of control of the land for the contract period. Evidence of control should include a deed or other evidence of land ownership, a lease, a letter of authorization to enroll in the CSP from the landowner, evidence of historical use of the land, or any other reasonable demonstration of control. If a producer loses control of land during the contract period, the appropriate modifications to the terms of the contract and payment schedule should be made as quickly as possible, so the contract termination and new contract start-up process can occur as seamlessly as possible. In our view, it would be antithetical to the goals of the program to eliminate someone from the program, and potentially lose their important conservation commitments, simply because, for example, someone outbids them on some rented ground.

The program is all about fostering development, implementation, and management of actively managed conservation systems and therefore should clearly emphasize returns to management. While there will inevitably be a return to capital element to any farm payment program, program implementation should not include return to capital as an objective to be pursued.

ANPRM QUESTION #12: The law does not prescribe a funding or acreage cap for CSP. USDA estimates that there is a potential applicant pool of over two million farms and ranches covering over 900 million potential eligible acres. A primary implementation concern is the program scope. In order for this program to accomplish the Administration's goal of maximizing the conservation and improvement of natural resources, it is necessary to prioritize CSP assistance. The Department is seeking public comments on ways to focus and prioritize CSP assistance. For example, if the program would only fund the highest-priority applications, should there be an open application process with all applicants competing for a limited number of contracts? Should applications be constrained by resource concern, program funding, tier level, owner-operator relationship, geography or other constraint?

The law does not prescribe a dollar or acreage cap because the CSP is a conservation entitlement program. The absence of a cap was not some mysterious oversight in the drafting or legislative process. It was a centerpiece of the program from day one right through to final passage and bill signing. It was an aspect of the program that was discussed, debated, challenged, and ultimately endorsed as part of the final farm bill deal. Therefore, USDA must use the conservation requirements of the program as the only limiting factor. Every farmer or rancher who agrees to an approved conservation security plan must be enrolled.

In this light, it is extremely important to remember key elements of the program:

- The CSP is the first USDA conservation program to require, by law, that participants achieve resource management system quality criteria for resources of concern and, at the highest tier, a full resource management system.
- The CSP has the strongest environmental screening criteria compared to any similar program that has come before it, and the Department can improve these criteria dramatically by accelerating movement toward performance-based measures and by adopting our recommendations for minimum requirements.
- The CSP correctly emphasizes management practices and a systems approach, which also help maximize conservation and cost-effectiveness.
- The CSP limits assistance per farm with tight, loophole-free payment limitations, and, unlike some other USDA conservation programs, prohibits payments for high cost animal waste structures and equipment for CAFOs.
- The Department can take additional steps to maximize conservation and limit budget exposure by developing a sound means of establishing resources of concern, requiring conservation practices to be implemented to a degree and on a sufficient portion of the agricultural operation to contribute significantly to the overall environmental performance of the operation, and requiring participants to address at least two resources of concern and emphasize diversified, resource conserving crop rotation and other high impact, high pay-off conservation farming systems at the tier II level.

- The Department could also consider utilizing a streamlined, farmer-friendly mechanism to allow EQIP participants to develop an approved conservation security plan and enroll in CSP, retaining the EQIP cost-share for those new practices but adding CSP payments as appropriate for base, additional new practices, maintenance, and enhanced payments.

The Department should focus its energy on making the CSP the best and most effective conservation program for working lands it can be, and should resist the temptation to try to rewrite the farm bill through the rulemaking and implementation process. We urge you to stop thinking of ways to fundamentally change the nature of the program from an entitlement program to a program limited by crop, geography, or funding cap. To do otherwise not only would violate the law, but would waste the best opportunity in decades to get conservation on the ground and solve critical environmental problems by rewarding the very best conservation farming systems and encouraging their wider spread adoption. It would also squander the opportunity of a lifetime to develop and promote a program that should become a key ingredient of future farm policy.

One final note: If Congress were to retain the recently imposed eleven-year funding cap of \$3.77, then USDA will be forced to cease CSP enrollments at the point when that money is spent. Up to that point, however, the CSP remains an entitlement program and functions the same way as it would without the cap. While the program would remain conceptually the same, the artificial cap would limit the program's scope and many farmers would be blocked from participation. We remain optimistic, however, that the cap will be lifted. Senate leaders have committed to eliminating the cap and restoring full funding to the CSP and we encourage NRCS and USDA to very strongly support that effort.

ANPRM QUESTION #13: The law includes energy as a resource concern for CSP program purposes. The NRCS Field Office Technical Guide does not recognize energy as a natural resource concern and therefore no quality criteria or non-degradation standard exists to compare a conservation treatment against. NRCS is seeking comments on how energy use should be incorporated into the program requirements. How should the benefits be assessed?

Energy conservation, but not energy production, should be developed as a resource concern and appropriate conservation practice standards and quality criteria should be incorporated into the technical guides on an expedited basis. Increased energy efficiency or reduced energy use beyond a minimum threshold should be the benchmark for assessing success. There is a great deal of research and on-farm demonstration information available on energy conservation that should be reviewed and incorporated into this technical guide expansion process. If the technical guide expansion process is not complete when the final rule is issued, the program should nonetheless be implemented without delay. Program participants, however, should have the option to add energy conservation to their plans and contracts at a later date.

Other conservation concerns listed in the statute as eligible for CSP contracts under Section 1238A(d)(4) also should have conservation practice standards and quality criteria developed. For example, biological resource conservation and regeneration, especially for plant and animal germplasm screening, evaluation, regeneration, and conservation, needs to be incorporated into

the technical guides as soon as possible. This is a paramount natural resource concern and should not only be part of the CSP as provided by law but also part of the NRCS portfolio more broadly. A good deal of information on this critical resource concern is available from Agricultural Research Service and private non-profits organizations. These germplasm conservation practices would presumably fall under the existing “plant suitability,” “plant conditions,” and “animal management” quality criteria categories.

New standards and criteria should also be developed for protection and conservation of pollinators, similar to current pest management practices for creating habitat for beneficials. This should include managing lands to reduce habitat loss, reducing pollinator mortality due to improper pesticide use, and restoring pollinator populations and habitat practices.

To aid in threatened and endangered species recovery efforts, wildlife practices under current “animal habitat” and “animal management” categories should be expanded to include a full range of livestock exclusion practices capable of helping livestock producers and fruit and vegetable growers prevent conflicts with wildlife, particularly large predators. The conservation practice standards also should be modified to allow practices that are identified in Endangered Species Act recovery plans or in state or ecoregional biodiversity plans, provided they are consistent with the purposes of the CSP.

We would also strongly encourage NRCS at the national level to follow the lead of several state NRCS offices in creating organic cropping and organic livestock system practice standards. Adding organic systems to the national handbook will foster maximum environmental benefit from organic systems and facilitate the expanded use of NRCS services in meeting the needs of the steadily growing number of organic producers.

We note that all of these efforts, while important to implementation of the CSP, are also relevant to other conservation programs and to natural resource conservation efforts in general. We recommend that a plan of action be developed to deal with these issues in a timely fashion, making optimal use of outside experts from other agencies and nongovernmental organizations.

ANPRM QUESTION #14: The law includes payment for conservation practices described as requiring planning, implementation, management and maintenance. A concern was raised as to whether the payment would be, in fact, a return for equity in capital or for the engagement in intensive management. What should the program be paying for?

A significant body of literature as well as a multitude of anecdotes from farmers, both compiled over several decades, led to the inclusion in the CSP of the element that allows reimbursement for management and maintenance activities. It is clear that one of the key characteristics that distinguish most conventional from sustainable or model conservation farming operations is more intense and careful management – which in turn requires enhanced knowledge, better planning and record-keeping, and more upkeep of complex production practices/systems. It is necessary that farmers receive assistance for these activities if the CSP is going to be successful. In fact, this component of the CSP is one of its major innovations compared to the other USDA conservation programs. Certainly we do not want to suggest that these payments could not also

be perceived as a return for equity in capital, but it is a secondary consideration. Compensation for what is in essence human capital is primary, however, and is a main component of what the program should be paying for.

ANPRM QUESTION #15: The law provides little guidance for monitoring quality assurance or specifics on identifying contract violations. The issue is two-fold in nature encompassing both the measurement of outcomes from a performance standpoint and assuring the federal funds are spent wisely and that contracts are appropriately carried out. How should USDA ensure accountability?

A valid criticism of current conservation programs is that there has not been enough study of their effectiveness or their economic costs and benefits. It is also true that few if any laws establishing conservation programs provide guidance for monitoring quality assurance or provide specifics on the means to identify contract violations. It is also true that insufficient federal funds have been available to monitor and evaluate program effectiveness, as the experience for the past six years with EQIP so well demonstrates.

The CSP ought to set a new benchmark for both on-farm and comprehensive programmatic assessment in order to demonstrate to the American taxpayer the environmental and cost effectiveness of the practices and conservation systems it is rewarding.

Outcome/Performance Measurement at the Farm Level: It will be important to demonstrate that the implementation of the CSP actually results in improvements in soil, water, habitat, and air quality. The vehicle for estimating outcomes will be through the linkage of the quality criteria to actual outcomes over the medium term in the effort to meet non-degradation standards for defined resources of concern. This goal can be partially met through the enhanced payment to farmers who participate in monitoring and evaluating the impacts of implementing their CSP projects. Broad utilization of the monitoring and evaluation enhanced payment will not only engage farmers in this effort and increase farmer ownership and investment in conservation, but will also provide more robust data for the agency and researchers to use in improving performance over time.

At a national and regional level, NRCS should coordinate with Agricultural Research Service and other soil, water, habitat, and air quality scientists in setting up evaluation protocols, gathering data methods, and recommending data analysis techniques. It would also be cost-effective for NRCS, through cooperative agreements, to help fund and participate in research projects by non-profit organizations to assess the multiple beneficial outcomes of adopted conservation systems and help evolve performance-based evaluation and payment systems. The research soon to be carried out under the leadership of the Land Stewardship Project and Defenders of Wildlife in Minnesota and California, respectively, could serve as models for evaluating on-farm performance from meeting quality criteria. The overarching goal is that CSP move toward rewarding actual outcomes, rather than focus exclusively on the installation or maintenance of practices or structures.

Evaluation of Program Performance: Traditionally, program performance has been measured in terms of acres, farms, or participants enrolled in individual conservation programs. While this

information is necessary, it is incomplete. At the local, state, and national levels, the cost-effectiveness of CSP in advancing resource protection and enhancement should be measured, with results broken down by tiers and resources of concern. This will require a more sophisticated tracking system than currently employed by NRCS. It will also require a real commitment to sufficient funding to do a credible job. The Senate version of the farm bill put \$10 million a year of CCC funding into monitoring and evaluation. An administrative commitment and plan of that magnitude, as recommended in the Managers language in the farm bill conference report, is desperately needed.

Contract Performance: A second aspect of program performance is accountability on the part of the enrolled farmer for receiving public funds and verifying that conservation plans and/or contracts are appropriately carried out. To accomplish this, NRCS and farmers must develop a clear system for accounting for implementation of conservation security plans, the accomplishments achieved, and the costs incurred. Annual reporting, aerial photography, and other means typically used in agriculture programs should be crosschecked against the schedule of plan implementation. As with other programs, periodic site visits and spot checks will be necessary to ensure that contracts are being implemented properly.

Conservation Plans: A third aspect of program performance is quality assurance for the conservation security plans developed for enrollment in the CSP. NRCS should add quality assurance measures, including spot checking of internally prepared plans and a process for reviewing all final plans developed by Technical Service Providers, to minimize and deter inadequate plans.

IV. Ten Additional Key Points and Recommendations

1. Cost share payments, including management/maintenance payments

The CSP will pay up to 75% of the cost of a conservation practice, or up to 90% for beginning farmers and ranchers. The CSP, unlike previous conservation programs providing cost-share assistance, will cost share not only newly adopted practices but also the operations, maintenance, and management costs of existing, ongoing conservation practices that help the producer reach the resource management system quality criteria. Due to international trade agreement concerns, the cost-share part of the overall payment will be based on costs of practices in the base year 2001 (as opposed to cost in the year of enrollment or implementation of the practice). No payments will be provided for construction or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations. With respect to cost share payments, we urge you to:

- Make certain that a complete 2001 data set is available in all states and regions for, as applicable, planning, implementation, management, and maintenance costs related to each conservation practice, and find ways to fill in the gaps that exist as expeditiously as possible.
- Review existing cost-share and incentive rates and make appropriate adjustments in applying them to CSP to ensure that the CSP schedule is geared as much as possible to environmental benefits.
- Account for both maintenance and management costs with regard to active management of existing practices, and properly assess and credit management costs where applicable.
- Make sure regional disparities in payment rates are fully justified by local conditions.
- Develop appropriate payment rates for new conservation practice standards that did not exist in the field office guides in 2001, including those developed for CSP conservation practices specified in Sec. 1238A(d)(4) that are not currently fully represented in the technical guides (e.g., energy conservation measures, biological resource conservation and regeneration, prairie restoration and protection, etc.).

2. Flexibility and coordination with other programs.

The CSP statute appropriately prohibits cost share payments for the same conservation practice on the same land already covered under EQIP or any other USDA conservation program. Two important implementation issues pertain to this provision. First, we urge you to permit CSP cost share payments, appropriated calibrated to the additional effort, for significant enhancements of practices originally cost-shared through another program. Second, we urge you to allow producers to convert without penalty from other USDA conservation programs and to unify their

conservation activities under a CSP contract, provided that conservation values are retained. The conversion process should be as simple and as farmer-friendly as possible.

The CSP statute also provides for flexibility to modify CSP contracts, provided the modifications are consistent with the purposes of the program. Such modifications may well be needed to respond to weather, markets, new information or technologies, or changes to the farming operation. Again, the modification process should be as simple and as farmer-friendly as possible, provided the changes proposed continue to meet quality criteria and support strong conservation. Given the tiered nature of the CSP, one aspect of the contract modification process should be an ‘early graduation’ provision allowing producers to move up to a higher tier prior to the contract expiration date.

3. Coordination with organic farm plans under the National Organic Program.

In response to question number 13, we recommended the creation of organic cropping systems and organic livestock systems conservation practice standards as part of the national handbook. In addition, we continue to urge NRCS and the Agricultural Marketing Service to move forward with advanced planning to provide good customer service and a high level of coordination between National Organic Program and CSP farm plans. Ideally, producers with approved organic certification plans under the National Organic Program should have the option to simultaneously certify under both the CSP and NOP if they meet the standards of both. In addition to being farmer-friendly, this process would also improve both programs – helping to improve conservation standards under organic plans and bringing the enormous environmental benefits of organic systems to the CSP and potentially other NRCS conservation programs.

4. On-farm research and demonstration.

The Department should aggressively promote the inclusion of research elements and educational programs in CSP contracts, and should reward such activities with significant enhanced payments. Nothing will promote more conservation better than careful proof of its effectiveness and the ability to see it in action on a real farm. By the same token, by investing in conservation research, producers have a greater stake in the actual outcomes and will be empowered to assist in the evolution of technical guides and conservation choices. In establishing protocols and payment rates for on-farm research and demonstration, we encourage the agency to adapt the highly successful model of producer-initiated grants under USDA’s Sustainable Agriculture Research and Education (SARE) program. We also strongly encourage the agency to develop cooperative agreements at the state and regional levels with non-profit organizations and colleges and universities to assist with the implementation of this element of the CSP.

We would particularly encourage promotion of this research and demonstration option with respect to topics such as plant germplasm conservation and regeneration, greenhouse gas reduction and carbon sequestration, agroecological restoration and wildlife habitat restoration, non-confinement or limited confinement sustainable livestock and poultry systems, agroforestry

systems, energy conservation and management, alternative cropping systems with reduced water use needs, and farm and environmental results monitoring and evaluation.

5. Resource-conserving crop rotations

Resource-conserving crop rotations are eligible for bonus payments under the first enhanced payment criteria, as are managed rotational grazing, conservation buffers, and other high environmental pay-off practices that may be designated by USDA.

The law defines a RCC rotation as “*a crop rotation that—*

“(A) includes at least 1 resource-conserving crop (as defined by the Secretary);

“(B) reduces erosion;

“(C) improves soil fertility and tith; and

“(D) interrupts pest cycles; and

“(E) in applicable areas, reduces depletion of soil moisture (or otherwise reduces the need for irrigation).”

Earlier versions of the legislation had defined “resource-conserving crop” but, in the final farm bill language, this definition is left to USDA to determine as part of the implementation process. The most comprehensive earlier proposed definition was as follows:

“Resource-conserving crop.--The term ‘resource-conserving crop’ means—

“(A) a perennial grass;

“(B) a legume grown for use as--

“(i) forage;

“(ii) seed for planting; or

“(iii) green manure;

“(C) a legume-grass mixture;

“(D) a small grain grown in combination with a grass or legume, whether interseeded or planted in succession;

“(E) a winter annual oilseed crop which provides soil protection; and

“(F) such other plantings, including non-traditional crops with substantially reduced water use needs, as the Secretary considers appropriate for a particular area.”

We urge you to adopt this definition for resource-conserving crop as part of the program rule. Getting this definition right, and ensuring it is incorporated into program implementation at all the appropriate points, is very important to the program’s success in facilitating sustainable conservation systems improvements. We also urge you to make the necessary and appropriate revisions to the conservation practice standard for conservation crop rotation to accommodate the resource-conserving crop rotation and resource-conserving crop definitions and corollary considerations.

6. Conservation buffer and partial-field practices

The CSP provides enhanced payments for producers with conservation buffers. The law also specifies producers may engage in sustainable economic use options for all land enrolled in CSP, including land including buffers. The final version of the farm bill does not designate specific buffer practices. Earlier versions of the legislation did. Since other conservation programs have sometimes not included certain types of partial field conservation practices or have limited or prohibited economic use, it is important that the rules for CSP be explicit and inclusive and also clearly state that economic uses consistent with conservation objectives are allowed. In addition, the rules should define conservation buffers in a way that ensures that a complete conservation system is in place, including upland treatment to ensure the effectiveness of buffers.

Earlier versions of the CSP specified that partial field conservation practices include, but not be limited to:

“windbreaks, grass waterways, shelter belts, filter strips, riparian buffers, wetland buffers, contour buffer strips, living snow fences, crosswind trap strips, field borders, grass terraces, wildlife corridors, and critical area planting appropriate to the agricultural operation”

We urge you to adopt this list in rulemaking and to also include clear and explicit language allowing for a full range of sustainable economic use options.

7. Wildlife related practices

The CSP statute addresses wildlife and biodiversity issues in a variety of ways, including:

- its purpose to advance conservation and improvement of the quality of “plant and animal life” (Sec. 1238A(a));
- its specially designated conservation practices (Sec. 1238A(d)(4)), including –
 - *“fish and wildlife habitat conservation, restoration, and management”*
 - *“invasive species management”*
 - *“biological resource conservation and regeneration”*
 - *“native grassland and prairie protection and restoration”*; and
- the full RMS requirement for Tier III enrollments (Sec. 1238A(d)(5)(C)).

Wildlife and habitat-related resource concerns need expedited review and improvement with respect to establishing RMS quality criteria. Quality criteria with respect to these concerns are conceptually about non-degradation in part, but even more so they are about significant resource enhancement. In our view, both at the national and the state level, wildlife-related quality criteria need to be made more robust by establishing significant resource enhancement standards.

We support a strong focus on conservation and enhancement of habitat for at-risk species – animal and plant species that are federally listed or are candidate species under the Endangered Species Act and animal and plant species that have been identified as critically imperiled,

imperiled, or vulnerable by the network of state Natural Heritage programs. Secondly, key priorities from some of the better state plans developed for the Wildlife Habitat Incentives Program may also be valuable in establishing wildlife goals and criteria for the CSP.

At the practice level, in addition to the full range of habitat development and management practices, we also urge inclusion of:

- Measures to protect pollinators, including bees, moths, other insects, birds, bats.
- Measures to reduce conflicts between agricultural production and wildlife, to the benefit of both.
- Measures to provide safe passage for native wildlife, such as practices that protect, enhance, or restore upland habitat corridors.
- Reduction of, and best use practices for, rodenticides, herbicides and pesticides to minimize primary and secondary impacts to birds and nontarget mammals.
- Integrated pest management activities that reduce harmful non-native organisms while minimizing impacts to native wildlife and plants.
- Grazing and mowing practices that reduce impacts to ground-nesting birds.
- Water quality management to protect aquatic biological diversity from the adverse impacts of pesticides, fertilizers, antibiotics and hormones.

8. Agroforestry practices

The CSP allows private forested land to be enrolled if it is an incidental part of an agricultural operation. We urge you to include as eligible land all land devoted to agroforestry practices, including:

- (i) alley cropping;
- (ii) forest farming;
- (iii) forest buffers;
- (iv) windbreaks;
- (v) silvopasture systems; and
- (vi) such other integrated agroforestry uses as may be determined to be appropriate in a specific region.

Further specification of these and related agroforestry practices are, of course, available from the USDA National Agroforestry Center.

9. Education and outreach

We urge you to include specific funding allocations for education and outreach each year. Educational assistance should be part of every conservation program and is particularly important for a new, innovative, and comprehensive program like the CSP. We also strongly endorse special efforts to reach beginning, limited resource, and socially disadvantaged producers. Partnerships and cooperative agreements with non-governmental organizations, cooperative extension, state agencies, and universities should be used to help achieve both of these goals.

10. Local working groups

In implementing the CSP and the other farm bill conservation programs, the Department should ensure diverse participation in the local work groups, including farmer conservation leaders and interested conservation and sustainable agriculture organizations, in addition to government officials. In our view, the Department and state offices have benefited enormously from State Technical Committee input. In order to benefit from this important stakeholder input at the local level, the Department should declare Local Working Groups to be the local subcommittees of the State Technical Committees. Without this key change, membership on these advisory bodies will continue to be unfairly and harmfully limited to government and quasi-governmental officials. The full range of STC membership should be eligible to also participate in Local Working Group decision making without delay. Accountability measures should also be quickly enacted by the Department to ensure a clear process for forwarding the recommendations of the STCs and LWGs to the State Conservationist and for reporting back to them in a timely fashion as to the disposition of their recommendations.