



## 2014 Farm Bill Conservation (Title II) Programs

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### Overview

This article contains a summary of the Conservation title (Title II) of the 2014 farm bill. The post begins with a set of summary observations, followed by an overview of spending on Title II Conservation programs and a description of key Title II provisions. Primary sources are the (1) *Agricultural Act of 2014* (2014 farm bill), available [here](#); (2) U.S. Congress, Congressional Budget Office January 28, 2014 letter to the Honorable Frank D. Lucas, Chair, House of Representatives Committee on Agriculture, available [here](#); and (3) Congressional Research Service Report 4-5700, "The 2014 Farm Bill (P.L. 113-79): Summary and Side-by-Side," coordinated by Ralph M. Chite, February 12, 2014, available [here](#).

### Summary Observations

- Consolidation of Title II Conservation programs is a key feature of the 2014 farm bill.
- The 2014 farm bill in a sense creates a farm conservation program pyramid. The 4 sides of this pyramid are: (1) retirement of environmentally sensitive land from agricultural production, (2) environmental enhancements on working agricultural lands, (3) purchase of easements to protect natural resources and the agricultural nature of the land, and (4) partnerships to address regional environmental issues.
- Funding is shifted from the first 2 types of programs to the latter 2 types of program, implying that at the margin the 2014 farm bill favors a different mix of Title II Conservation programs.
- The reduction and redistribution of spending on Title II Conservation programs is a reflection of many factors, including high crop prices and the focus on reducing spending to reduce the federal budget deficit. But, the author believes that Congress is also signaling an important policy question: What should be the level of spending on each type of program that makes up the farm conservation pyramid? The answer to this question depends on the magnitude of the benefits from each type of conservation program. Thus, Congress is in part asking that the assessment of the benefits and cost of current Title II Conservation programs be intensified. In summary, the

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author believes the benefit-cost question by type of farm conservation program could become the focus for the 2018 farm bill debate over Title II Conservation provisions.

- The increased emphasis on the purchase of easements and regional partnerships continues a recent farm bill trend of Congress favoring working land conservation over land retirement. Thus, another topic that could become a focus for the 2018 farm bill debate over Title II Conservation provision is the evolving view of interrelated farming and conservation.
- The maximum allowable acres in the Conservation Reserve Program (CRP) is reduced, reflecting in part the net movement of land out of CRP due to the high returns to crop production since 2006. However, CRP's maximum allowable acres remain 24 million. In contrast, during the 1970s price run up, almost no acres were removed from production as a fence row-to-fence row planting mentality dominated. The continued size of CRP during a period of high crop prices represents a profound change in the U.S. farm policy culture. In short, CRP's objective has changed from an initial emphasis on supply control to its current focus on conservation.
- In making eligibility for the crop insurance premium dependent on conservation compliance, the 2014 farm bill reflects the emergence of crop insurance as a core farm safety net program while acknowledging that U.S. society expects U.S. agriculture to participate in improving environmental quality in exchange for the provision of subsidies to farmers. Crop insurance cannot be both a core farm safety net program and excluded from the expectation of conservation performance in order to receive farm subsidies.
- The 2014 farm bill provides farmers considerable time to adjust to the insurance conservation compliance requirement. It will be interesting to see if the next farm bill tightens enforcement.

### **Big Picture Overview of Conservation Program Spending**

- Congressional Budget Office estimates spending on Title II Conservation programs will total \$57.6 billion over fiscal years (FY) 2014-2023
- Spending on Title II programs is estimated to be -\$4.0 billion less than an extension of existing programs (so called baseline spending) over FY2014-2023
- In comparison, the 2008 farm bill increased spending on Title II programs by \$4 billion above the 2007 baseline over FY2008-2017
- Spending relative to the 2013 baseline is cut -\$3.3 billion and -\$2.3 billion for the Conservation Reserve (CRP) and Conservation Security Program (CSP), respectively, over FY2014-2023 - in contrast, comparable spending for all other Title II programs is increased +\$1.6 billion
- Relative to the 2013 baseline, spending is reduced -\$0.2 billion for FY2014-2018, implying spending cuts are backloaded into the last 5 fiscal years (FY2019-2023) - the backloading reflects the additive effects of progressively larger reductions in the acres enrolled in CRP and CSP and to frontloading spending increases for other conservation programs in FY2014-2018

### **Program Repeals and Mergers**

- Repeals these programs: Wetlands Reserve, Grassland Reserve, Comprehensive Conservation Enhancement, Emergency Forestry Conservation Reserve, Farmland Protection, Farm Viability, Agricultural Water Enhancement, Wildlife Habitat Incentive, Great Lakes Basin, Chesapeake Bay Watershed, Cooperative Conservation Partnership Initiative, and Environmental Easement
- Merges the Wetlands Reserve, Farmland Protection, and Farm Viability Programs into the Agricultural Conservation Program
- Merges the Grassland Reserve Program into the Conservation Reserve Program.
- Merges the Wildlife Habitat Incentive Program into the Environmental Quality Incentives Program

- Merges the Chesapeake Bay Watershed, Cooperative Conservation Partnership Initiative, Great Lakes Basin, and Agricultural Water Enhancement Programs into the Regional Conservation Partnership Program
- Provides bridge administration and funding for contracts, agreements, and easements that currently exist under the repealed programs

### **Conservation Reserve Program (CRP)**

- Reauthorizes CRP through FY2018.
- Adds grasslands (including improved rangeland and pastureland) to the list of eligible land provided grazing is the dominant use; the area is historically dominated by grasslands; and the land could provide habitat for animal and plant populations of significant ecological value
- Reduces the maximum acres allowed in CRP from the current 32 million to 27.5 million (FY2014); 26 million (FY2015); 25 million (FY2016); and 24 million (FY2017-FY2018)
- Caps grassland enrollment at 2 million acres during FY2014 through FY2018 — gives expiring CRP acres priority for enrollment as grassland contracts
- Permits specified activities under stated conditions, including, but not limited to: (1) emergency harvesting and grazing with no reduction in rental rate, (2) grazing by a beginning farmer or rancher with no reduction in rental rate, and (3) certain activities, **such as harvesting (including managed harvesting for biomass)**, grazing, wind turbines, and control of invasive species, with a minimum 25% reduction in rental rate — permitted activities must be consistent with an approved conservation plan and are subject to restrictions for nesting birds that are economically significant, in decline, or conserved by law
- Under specified conditions, various activities are allowed on enrolled grasslands, such as grazing, harvesting, and fire suppression — incentive payments are allowed for tree and shrub thinning activities
- Adds land in the [Conservation Reserve Enhancement Program \(CREP\)](#) to the list of land ineligible for early termination
- Reauthorizes the **Farmable Wetland Program** within CRP through FY2018 — maximum acres in the program is reduced from 1 million to 0.75 million

### **Conservation Stewardship Program (CSP)**

- Reauthorizes CSP through FY2018
- Identifies eligible land as private or tribal land used to produce agricultural commodities, livestock, or forest-related products
- Requires that renewal of a CSP contract must (1) meet the threshold for 2 additional priority resource concerns or (2) exceed the threshold for 2 existing priority resource concerns
- Reduces the acre enrollment goal for CSP from 12.769 to 10 million acres per fiscal year
- Allows additional payment to producers in CSP if they adopt or improve a resource-conserving crop rotation

### **Environmental Quality Incentives Program (EQIP)**

- Reauthorizes EQIP through FY2018
- Adds to EQIP's purpose wildlife habitat improvement and development practices — lists various wildlife habitat improvement areas, including pivot corners and other irregular areas of a field

- Removes the 1 year minimum contract length
- Continues the requirement that 60% of EQIP payments be for livestock production
- Specifies that a minimum of 5% of EQIP funds must go to payments for wildlife habitat
- Adds veteran farmers and ranchers to the list of producers eligible for EQIP cost-share up to 90% and advanced payments
- Limits EQIP payments to an individual entity to an aggregate of \$450,000 over FY2014-FY2018
- Authorizes mandatory EQIP funding of \$1.35 billion (FY2014); \$1.6 billion (FY2015); \$1.65 billion (FY2016-FY2017); and \$1.75 billion (FY2018)

#### **Agricultural Conservation Easement Program (ACEP)**

- Establishes ACEP as the combined purposes of the current Wetlands Reserve, Farmland Protection, and Grassland Reserve Programs
- Defines agricultural land easement as an easement or other interest in eligible land conveyed for the purpose of protecting natural resources and the agricultural nature of the land
- Allows a landowner to continue agricultural production and related uses subject to the easement plan
- Prioritizes wetland reserve easements based on the value of such easements for protecting and enhancing habitat for migratory birds and other wildlife
- Authorizes mandatory ACEP funding of \$400 million (FY2014); \$425 million (FY2015); \$450 million (FY2016); \$500 million (FY2017); and \$250 million (FY2018)

#### **Regional Conservation Partnership Program (RCPP)**

- Combines and streamlines the functions of the Cooperative Conservation Partnership Initiative and Agricultural Water Enhancement, Chesapeake Bay Watershed, and Great Lakes Basin Programs
- Establishes RCPP to be a tool for local, regional or watershed areas to innovatively address conservation issues, such as water quality, water quantity and reducing or preventing regulatory liabilities; by creating partnerships among government entities, agricultural groups, conservation groups, and institutes of higher education and by leveraging public and private funds
- Eligible partners include state or local governments, American Indian tribes, agriculture or forestry producer associations, farmer cooperatives or other groups of producers, institutes of higher education, municipal water or waste treatment entity, water and irrigation districts, and conservation-focused nongovernmental organizations
- Activities include (1) partnership agreements with eligible partners and (2) contracts for technical and financial assistance to producers participating in projects with eligible partners, or producers within a project area or critical conservation area not working through an eligible partner
- Competitive partnership agreements cannot exceed 5 years with a possible 1 year extension
- Authorizes mandatory RCPP funding of \$110 million annually for FY2014-FY2018 and allows for 7% of funding from CSP, ACEP, and EQIP
- Allows the Secretary of Agriculture to target funding to areas where it is most needed

**Other Conservation Programs** include Conservation of Private Grazing Land, Grassroots Source Water Protection, Voluntary Public Access and Habitat Incentive, Agriculture Conservation Experienced

Services, Small Watershed Rehabilitation, Emergency Watershed Protection, Soil and Water Resources Conservation, and Terminal Lakes Assistance (a new program)

### Conservation Compliance for Crop Insurance Subsidy

- To be eligible for the federally funded portion of crop insurance premiums, a producer must comply with wetland conservation (swampbuster) and highly erodible land conservation (sodbuster) requirements
- If subject to conservation compliance for the first time, a producer is given 5 reinsurance years to develop and comply with an approved conservation plan
- Violations only apply to reinsurance years subsequent to the date of final determination of a violation, including all administrative appeals
- Requires reports to Congress concerning (1) the impact of conservation compliance on specialty crop growers, (2) the amount of technical assistance provided for compliance (annual report), and (3) the operation and implementation of conservation compliance (annual report)
- For a more complete discussion of insurance conservation compliance see the [May 2, 2014 farmdoc daily article](#), "Conservation Compliance and Crop Insurance in the New Farm Bill" by Jonathan Coppess

### Technical Assistance

- Technical assistance can be funded from Commodity Credit Corporation (mandatory) funds for conservation programs - CRP is a possible exception at Secretary of Agriculture's discretion
- Priority given to producers who request technical assistance to meet insurance conservation compliance

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