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The Agricultural Act of 2014: Comparison of 2008 and 2014 Conservation Programs

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Introduction

The Agricultural Act of 2014, commonly known as the 2014 Farm Bill, was signed into law on February 2, 2014. It replaces the 2008 Farm Bill which expired in 2012. The bill represents a compromise between the Senate proposed Agricultural Reform, Food and Jobs Act of 2013 and the Federal Agricultural Reform and Risk Management Act of 2013, which was proposed by the House of Representatives. Fiscal concerns played a large role in the debate over the final form of the 2014 Farm Bill. The 2014 Farm Bill contains twelve titles, down from fifteen in 2008; our focus is on Title II: Conservation, which provides funding for thirteen conservation programs. The Conservations Title's purpose is to ensure the provision of clean water, abundant and safe food, the protection of wildlife from excessive disruption, and a conservation of the agricultural way of life.

Overall the 2014 Farm Bill decreases direct spending from authorized programs over the period 2014-2023. This is estimated to decrease budget deficits by $16.6 billion relative to spending and revenues projected under CBO's May 2013 baseline (CBO 2014). Direct spending outlays for conservation programs in the ten-year period from 2014 to 2023 are expected to decrease by $3,967 million; however, only $208 million of that decrease is projected in the five year period 2014 to 2018 (Figure 1; CBO 2014). This represents less than a 1% cut in the budget had the 2008 Farm Bill continued through 2018. Since the Farm Bill is renewed every five years any cuts in the second half of the program will need to be voted on and approved in 2018, resulting in a much smaller impact on conservation programs than it initially appears.

The conservation programs funded by Title II of the 2014 Farm Bill undergo substantial realignment for 2014. Although budget cuts affect some of the functionings of the programs, the realignment is set mostly to reduce administrative costs by combining programs that had substantial overlap and refocusing conservation on the most efficient programs. Through a combination of merging and retiring programs the 2014 Farm Bill brings the total number of programs down from twenty-three in 2008 to thirteen in 2014. Figure 2 shows how programs from the 2008 Farm Bill are realigned into the 2014 programs. Additionally the coupling of compliance with conservation program provisions with the potential loss of crop insurance premium subsidies is a significant addition to the 2014 Farm Bill.

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	CRP	CSP	EQIP	ACEP	RCPP	Other Conservation Programs	Funding and Administration	Repeal of WHIP	Subtotal, Title II	Total direct spending outlays, Title II	Total direct spending outlays, H.R. 2642
2014	22	-8	0	20	-1	199	12	-17	227	5430	99572
2015	34	-58	-5	131	-3	102	12	-35	178	5590	96100
2016	-187	-100	2	229	-3	85	12	-44	-6	5654	98742
2017	-350	-149	10	270	-3	47	10	-53	-218	5677	97771
2018	-392	-197	37	202	-3	16	9	-61	-389	5814	96447
2019	-462	-253	62	117	-3	1	5	-70	-603	5817	94721
2020	-451	-303	76	81	-3	1	2	-79	-676	6098	94050
2021	-468	-352	91	67	-3	1	2	-79	-741	5817	93245
2022	-502	-401	107	57	-3	1	2	-79	-818	5762	92739
2023	-565	-451	117	57	-3	1	2	-79	-921	5941	93014
2014-2018	-873	-512	44	852	-13	449	55	-210	-208	28165	488632
2014-2023	-3321	-2272	497	1231	-28	454	68	-596	-3967	57600	956401

Figure 1: Detailed Effects on Direct Spending of the 2014 Farm Bill, Title II: Conservation, millions of dolllars
Source: Congressional Budget Office 2014

There are now five major Farm Bill conservation programs, down from seven in 2008. These five major programs fall into four broad categories. Three remain comparable to the 2008 Farm Bill; (1) land retirement programs that remove land from agricultural production for conservation purposes; (2) working lands programs that encourage environmentally friendly agricultural practices on active sites; and, (3) conservation easement programs to guarantee the conservation of agricultural land and wetlands. The fourth type of program, regional cooperation agreements pertaining to watershed management, is largely a new arrangement of preexisting initiatives. The Conservation Reserve Program (CRS) will be the sole land retirement program; the Conservations Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP) constitute the working lands programs; the conservation easement programs of years past are consolidated into the Agricultural Conservation Easement Program (ACEP); and Regional Conservation Partnership Program (RCPP) makes up the regional cooperation initiatives.

Figure 3 shows the share of conservation spending by major programs in the 2014 Farm Bill as well as spending for predecessor programs of previous bills. The most noticeable trend is a shift away from land retirement programs (CRP) towards working lands programs (EQIP and CSP).

Despite the reduction in conservation programs from 23 to 13 total acreage enrolled in conservation programs is expected to rise from 226.5 million acres in 2008 to over 400 million acres by 2015. This is further evidence that conservation programs will continue to progress despite the merging of conservation programs in 2014. Figure 4 shows total acreage enrolled in the Farm Bill conservation programs from 2004 through 2015.

Land Retirement Programs

The Conservation Reserve Program is the lone land retirement program funded by the 2014 Farm Bill after the retirement of the Grassland Reserve Program.

Conservation Reserve Program (CRP)

The 2014 Farm Bill extends funding for the Conservation Reserve Program through FY2018 but marks a continuing shift away from land retirement programs and towards working lands programs. With the retirement of the Grasslands Reserve Program the Conservation Reserve Program becomes the only land retirement program funded by the Farm Bill. Although the CRP remains largely unchanged it's expanded to take on the non-easement functions of GRP allowing all conservation efforts made through the retirement of lands to be consolidated into one program (CBO 2014).

The proportion of funds allotted to land retirement initiatives in 2014 continues a falling trend first seen in 2003. Acreage enrollment figures also reveal a shift in focus from land retirement programs to working lands programs. This reflects a philosophy that effective conservation can be conducted on farm land without retiring it from use. The maximum number of acres to be retired by the 2014 Farm Bill is reduced from 32 million acres to 24 million acres by 2017. This represents a 25% decrease in the cap from 2008 and an almost 35% decrease from peak enrollment of 36.8 million acres in 2007. Grassland enrollment will be capped at 2 million acres (USDA ERS 2014). These reductions in absolute acreage enrolled in land retirement programs will be offset by a shift to retiring smaller but more environmentally beneficial lands and promoting working land conservation on larger plots and entire farms (USDA ERS 2014).

	2008			2014
	Land Retirement Programs			Land Retirement Programs
1	Conservation Reserve Program	}	1	Conservation Reserve Program
2	Aspects of the Grassland Reserve Program			
	Working Lands Programs			Working Lands Programs
3	Environmental Quality Incentives Program	}	2	Environmental Quality Incentives Program
4	Wildlife Habitat Incentive Program			
5	Conservation Stewardship Program	}	3	Conservation Stewardship Program
	Conservation Easement Programs			Conservation Easement Programs
6	Wetlands Reserve Program	}	4	Agricultural Conservation Easement Program
7	Grasslands Reserve Program			
8	Farmland Protection Program			
9	Farm Viability Program			
	Regional Partnership Programs			Regional Partnership Programs
10	Cooperative Conservation Partnership	}	5	Regional Conservation Partnership Program
11	Agricultural Water Enhancement Program			
12	Chesapeake Bay Watershed Initiative			
13	Great Lakes Basin Program			
	Other Programs			Other Programs
14	Conservation of Private Grazing Land	}	6	Conservation of Private Grazing Land
15	Grassroots Source Water Protection Program	}	7	Grassroots Source Water Protection Program
16	Voluntary Public Access and Habitat Incentives	}	8	Voluntary Public Access and Habitat Incentives
17	Agriculture Conservation Experienced Services	}	9	Agriculture Conservation Experienced Services
18	Small Watershed Rehabilitation Program	}	10	Small Watershed Rehabilitation Program
19	Desert Terminal Lakes	}	11	Desert Terminal Lakes
20	Emergency Watershed Protection Program	}	12	Emergency Watershed Protection Program
21	Soil and Water Resource Conservation	}	13	Soil and Water Resource Conservation
22	Comprehensive Conservation Enhancement	}		Repealed
23	Emergency Forest Conservation Reserve	}		Repealed
	Environmental Easement Program	}		Repealed

Figure 2: Farm Bill Programs 2008 and 2014
Source: Authors' aggregation of Farm Bill text

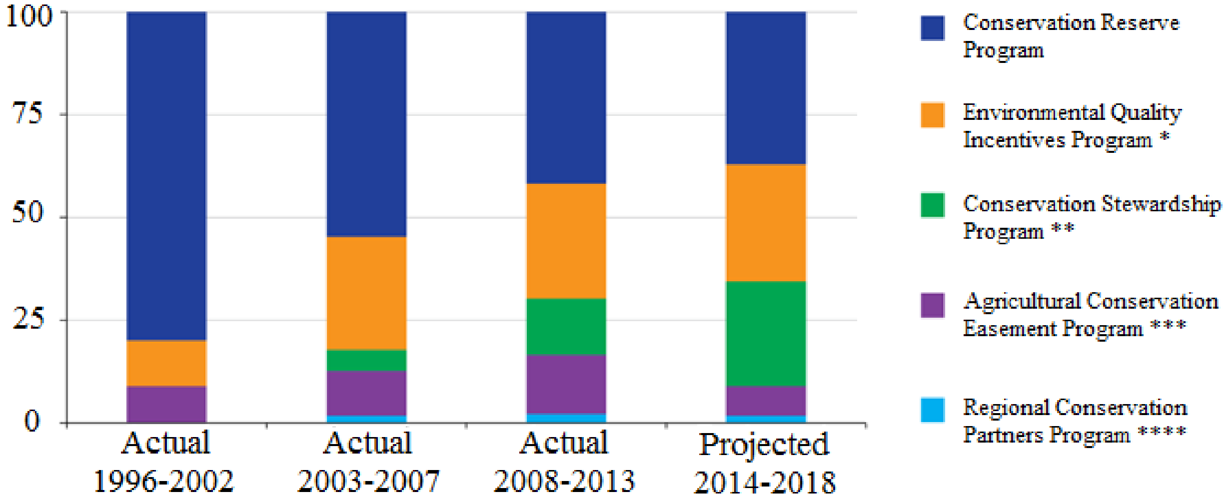

Figure 3: Share of Conservation Spending by Major Programs and Predecessors in the 2014 and Previous Farm Acts, percent
Source: USDA Economic Research Service, 2014
Notes:
** Includes EQUIP and the Wildlife Incentives program for 1996-20013*
*** Includes the Conservation Security Program for 2002-2007*
**** Includes the Wetland Reserve Program, Farm Land Protection Program, and Grassland Reserve Program (easement portion) for 1996-2013.*
***** Includes the Agricultural Water Enhancement Program, Chesapeake Bay Watershed Program, Cooperative Conservation Partnership Initiative, and Great Lakes Basin Program for 1996-2013; spending levels provided in the 2014 Farm Act and Congressional Budget Office estimates for 2014-2018.*

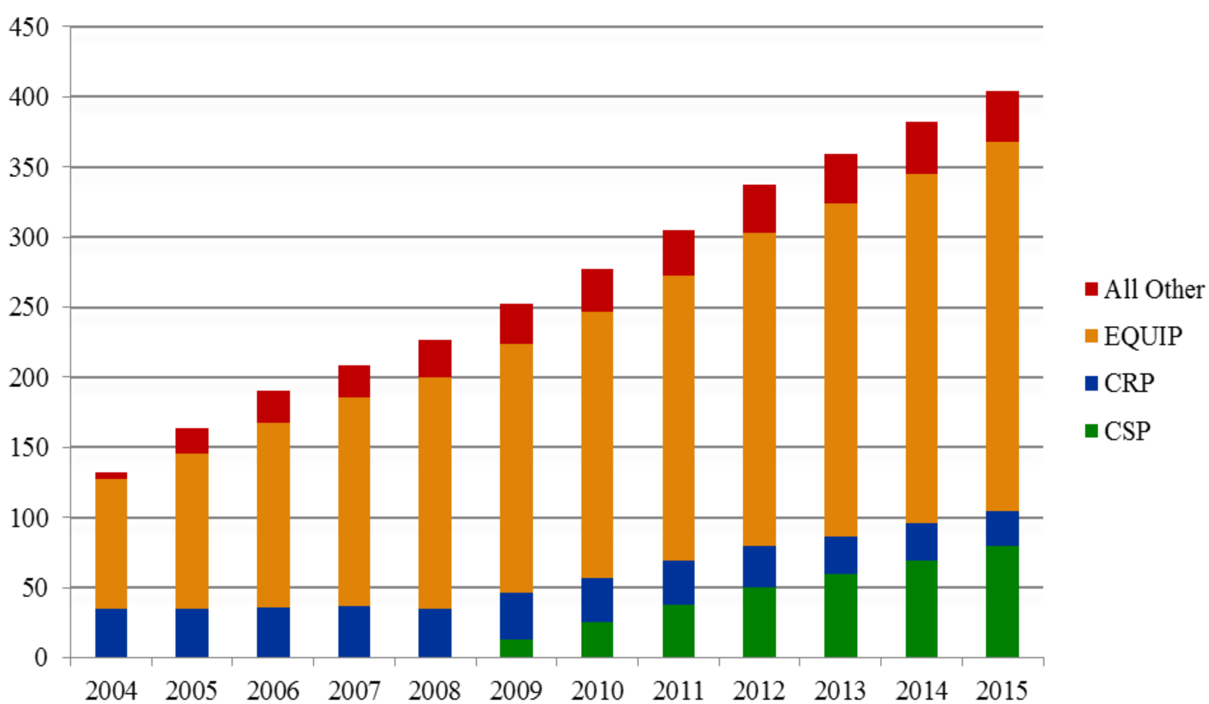

Figure 4: Farm Bill Conservation Programs Cumulative Acres Enrolled, millions of acres
Source: USDA Office of Budget and Programs Analysis, 2014

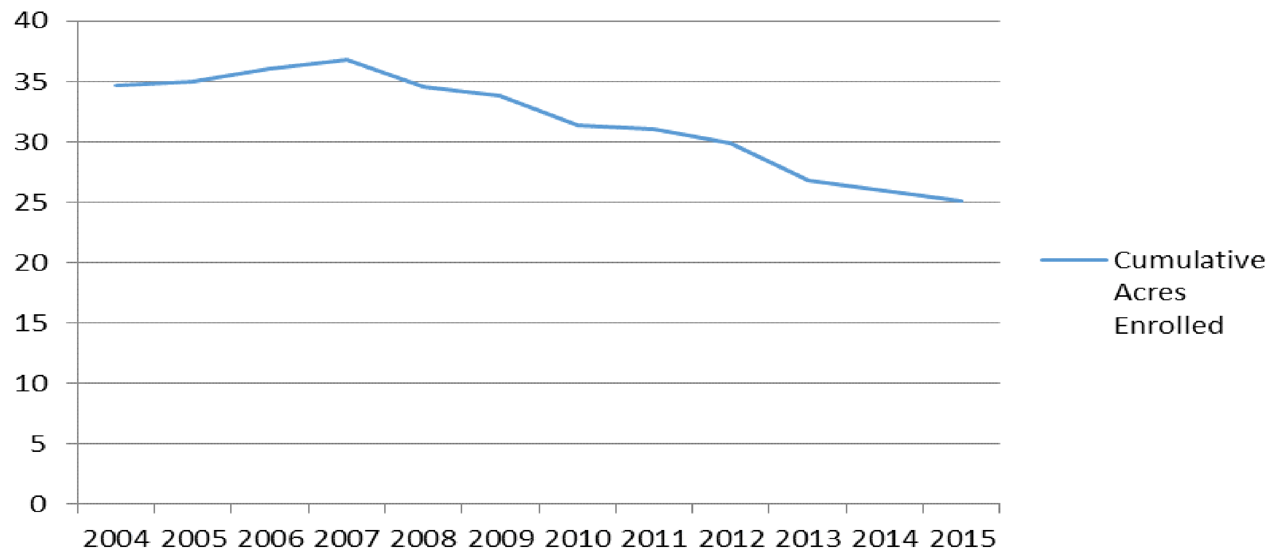

Figure 5: Cumulative Acres Enrolled in the Conservation Reserve Program
Source: USDA Office of Budget and Programs Analysis 2014

Working Lands Programs

The working land conservation programs of 2008, the Conservation Stewardship Program and the Environmental Quality Incentives Program remain funded in the 2014 Farm Bill, but undertake some expansion due to the retirement of other programs. Working lands programs generally encourage environmentally friendly practices on agricultural and forested lands while allowing them to remain productive. These programs are targeted to land that has the highest conservation benefits which are usually but not necessarily on smaller farms (USDA OBPA 2014).

Conservation Stewardship Program (CSP)

The Conservation Stewardship Program, which was new for 2008, is one of two working lands programs funded through FY2018. CSP functions by encouraging stewardship on agricultural and forested lands by providing financial assistance to producers who meet specific program requirements (USDA ERS 2014). New for 2008 was the provision that in addition to maintaining and managing existing conservation activities participants would also be encouraged to undertake new conservation activities. The 2014 Farm Bill extends these functions of CSP but in a reduced capacity. Annual enrollment is decreases by 2.769 million acres, from 12.769 million acres to 10 million acres. Since CSP operates under an annual acreage limitation rather than a funding cap this constitutes and absolute reduction in size (USDA ERS 2014). The new bill keeps the aggregate payments to a person or entity over a five-year period at $200,000 (CBO 2014). Overall, changes to CSP are relatively minor.

Environmental Quality Incentives Program (EQIP)

The Environmental Quality Incentives Program is extended through FY2018 by the 2014 Farm Bill representing a continuation of its objectives; however, EQIP undergoes several fundamental changes. First, it is expanded to incorporate the functions and funding of the Wildlife Habitat Incentives Program (WHIP), which is retired for 2014. Second, the functions of the Agricultural Water Enhancement Program, which was previously a part of EQIP, are now a part of the newly created Regional Conservation Partnership Program.

As the second working lands program extended under Title II by the 2014 Farm Bill, EQIP is designed to encourage producers to install and maintain conservation practices on agricultural and grazing lands, wetlands, forested lands, and wildlife habitat that address soil, water and related natural resource impacts by providing financial assistance to eligible farmers (USDA OBPA 2014). Additionally, EQIP takes on the responsibility of providing funding for wildlife habitat development previously allocated to the Wildlife Habitat Incentive Program (WHIP). The purpose of WHIP was to encourage voluntary habitat conservation and rehabilitation on agricultural lands. In order to maintain adequate protection of wildlife habitat with the retirement of WHIP, at least 7.5% of EQIP funds will be targeted to these activities (CBO 2014).

Conservation Easement Programs

The conservation easement programs undergo major changes for 2014 with the retirement of the Grasslands Reserve Program (GRP), Wetlands Reserve Program (WRP) and the Farmland Protection Program (FPP), including the Farm Viability Program. The easement functions of these programs are merged into one program, the Agricultural Conservation Easement Program.

Agricultural Conservation Easement Program (ACEP)
The main purpose of the Agricultural Conservation Easement Program is to provide easements for the long-term restoration and protection of environmentally sensitive lands from being developed or converted to non-agricultural uses (USDA ERS 2014). The program focuses on conserving agricultural land as well as wetlands. These two functions are evaluated separately, maintaining some of the distinction implied by having separate programs (USDA OBPA 2014).

The ACEP is thus a consolidation of the all previous major easement programs. Despite the amount of change the new farm bill brings to conservation easement programs, there should be minimal disturbance to participants of GRP, WRP and FPP. All land and funding previously allocated to the now retired programs is automatically transferred to the ACEP and all easements from the previous programs will be maintained. Despite this, total funding for ACEP is less than the sum of its predecessors (USDA ERS 2014; USDA OBPA 2014).

Regional Partnership Programs

Regional Conservation Partnership Program (RCPP)
The Regional Conservation Partnership Program is new for 2014 and is created by consolidating the functions of the Agriculture Water Enhancement Program, Chesapeake Bay Watershed Program, Cooperative Conservation Partnership Initiative, and Great Lakes Basin Program (USDA ERS 2014). Total annual funding for RCPP is set at $100 million plus an additional "7-percent of the funding or acres for the Environmental Quality Incentives Program, Conservation Stewardship Program, Agricultural Conservation Easement Program, and Healthy Forests Reserve Program will be directed through RCPP" (USDA ERS 2014).

RCPP serves to integrate regional and watershed level management of natural resources and conservation activities and to facilitate cooperation between state or local government, producer associations, and producers (CBO 2014). Projects that the program focuses on include water quality and quantity, soil erosion, wildlife habitat, drought mitigation, flood control, and other regional priorities (USDA OBPA 2014). The Farm Bill designates the minimum proportion of projects selected from a competitive process that is national (40%) and state-level (25%). It also specifies that that at least 35% of projects must come from "critical conservation" areas, defined as projects that "include multiple States with significant agricultural production, are covered by an existing agreement, would benefit from water quality and quantity improvement, and contain producers that need particular assistance" (USDA OBPA 2014).

Other Programs

The other programs designated by the 2014 Farm Bill under Title II include the Voluntary Public Access and Habitat Incentive Program (VPA-HIP), Conservation of Private Grazing Land, Grassroots Source Water Protection Program, Agriculture Conservation Experienced Services Program, Small Watershed Rehabilitation Program, Terminal Lakes Program, Emergency Watershed Protection Program, and the Soil and Water Resource Conservation Program.

Voluntary Public Access and Habitat Incentive Program (VPA-HIP) provides financial incentives for landowners to make their land available to the public for wildlife dependent recreation such as hiking, hunting or fishing. The 2014 Farm Bill continues the VPA-HIP program and provides $40 million to continue to pursue its goals. The program is meant to encourage the maintenance of "environmental, economic and social benefits including, but not limited to, enhanced wildlife habitat, improved wildlife populations, increased revenue for rural communities, and expanded opportunities for re-connecting Americans with the great outdoors" (USDA OBPA 2014).

Conservation of Private Grazing Land offers technical and educational assistance to help those who own private grazing land maintain economically feasible and environmentally beneficial management practices (USDA NRCS (1) 2014).

Grassroots Source Water Protection Program (SWPP) provides local citizens as well as federal, state, local and private organizations a means to monitor and prevent pollution of ground and surface water used as the primary source of drinking water for rural citizens (USDA FSA 2013)

Agriculture Conservation Experienced Services Program (ACES) is a worker employment program that places experienced older workers into positions that enable them to mentor younger workers and apply technical assistance to support conservation and environmental protection efforts (NOWCC 2014).

Small Watershed Rehabilitation Program provides assistance for the purpose of maintaining and extending the life of dams built under the Pilot Watershed Program. It focuses on dams that are in the most dire need of repair and pose high risk of loss of life and property (USDA NRCS (2) 2014).

Desert Terminal Lakes Program is continued from 2008. It provides funding to the Bureau of Reclamation to provide water to at risk natural desert terminal lakes (USDI 2014).

Emergency Watershed Protection Program provides assistance to make conservation of natural resources possible during and after natural disasters. Activities authorized include the clearing of debris, the repair of levees and structures, and erosion management (USDA NRCS (3) 2014).

The Soil and Water Resource Conservation provides direction to the USDA soil and water conservation activities through the evaluation of current and needed programs, policies and authorities. It appraises the status and trends of soil, water, and related resources on non-Federal land and assesses their capability to meet present and future demands (USDA NRCS (4) 2014).

The 2014 Farm Bill and Colorado: The Conservation Title

Since 1995, Colorado has collected $5,433 million in subsidies from the USDA, placing it 21st out of the 50 states. Of this total $1,540 million, or about 23 percent, is related to conservation subsidies. This is a substantially greater share than the nationwide average of 13 percent of total funds.

The majority of the conservation subsidies are to Colorado farmers and ranchers participating in the Conservation Reserve Program. CRP alone accounts for $1,322 million, or just over 85 percent, of conservation funding in Colorado. Payments to the CRP program have remained relatively constant over the period 1995 through 2012, averaging around $77 million with a low of $60 million and a high of $80 million (Figure 6). Over the same period more than 95 percent of the payments were made to annual land rental, while the remaining 5 percent is comprised of cost share, practice and signing incentives, and transition assistance (EWG, 2014). Despite these numbers CRP has a very small share of the total acres enrolled in Colorado conservation programs (Figure 7) and its total financial obligations are dwarfed by EQIP and other programs (Figure 8).

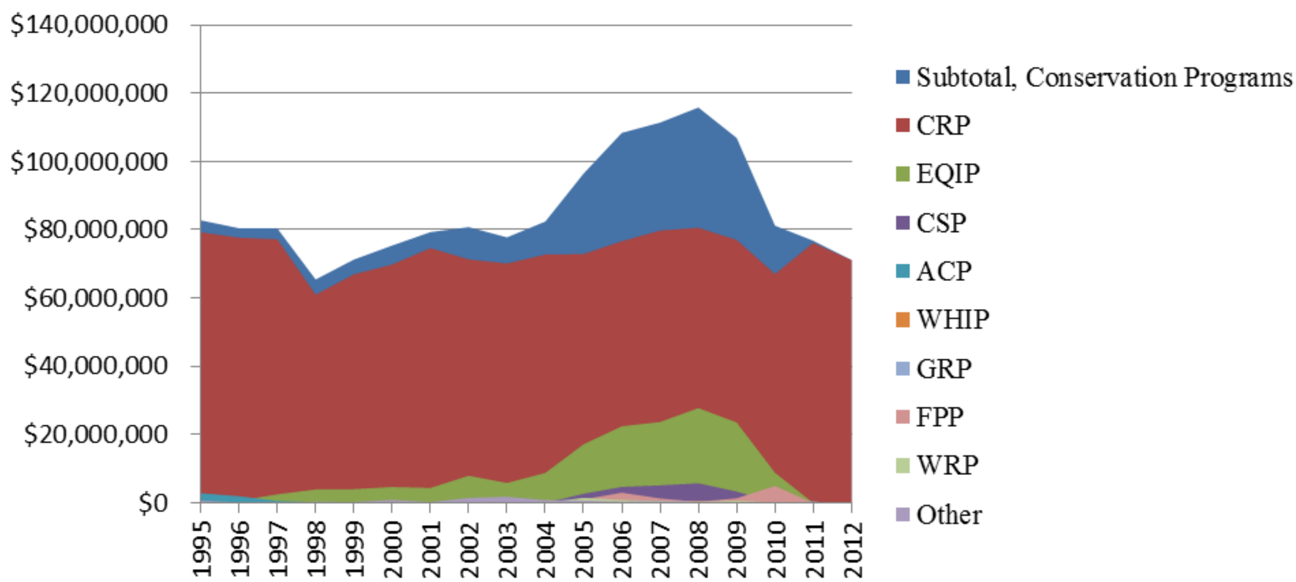

Figure 6: Historical Spending on Conservation Programs, Colorado
Source: Environmental Working Group, 2014
Note: *Information on conservation spending is incomplete for 2011 and 2012.*

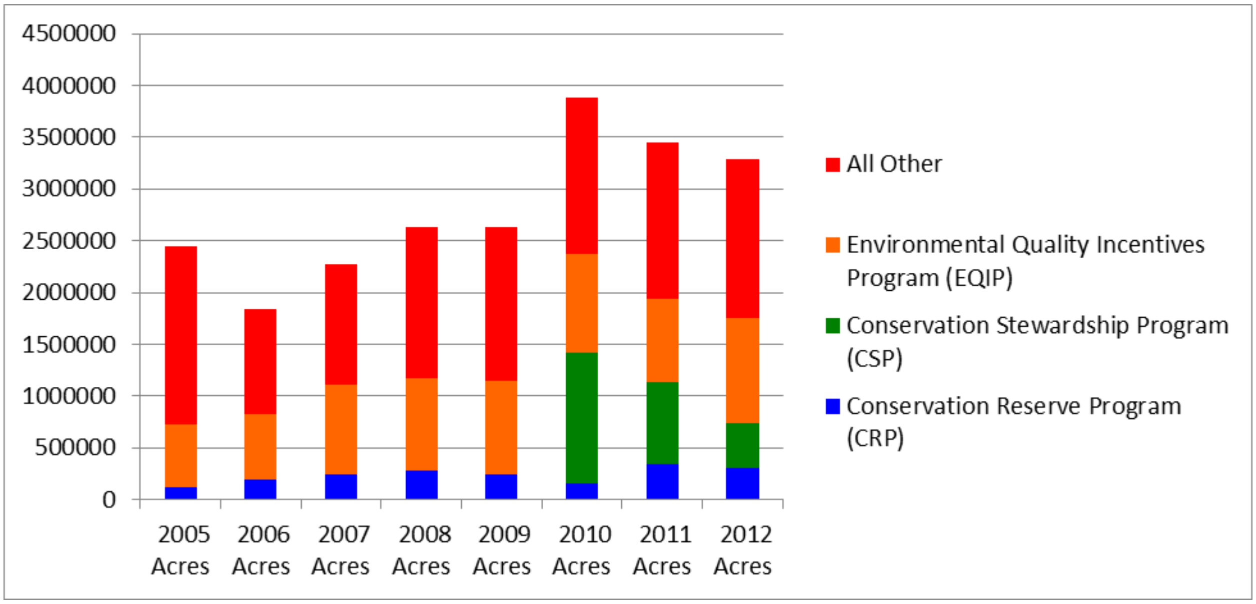

Figure 7: Cumulative acres enrolled, Colorado
Source: Natural Resources Conservation Service, 2013

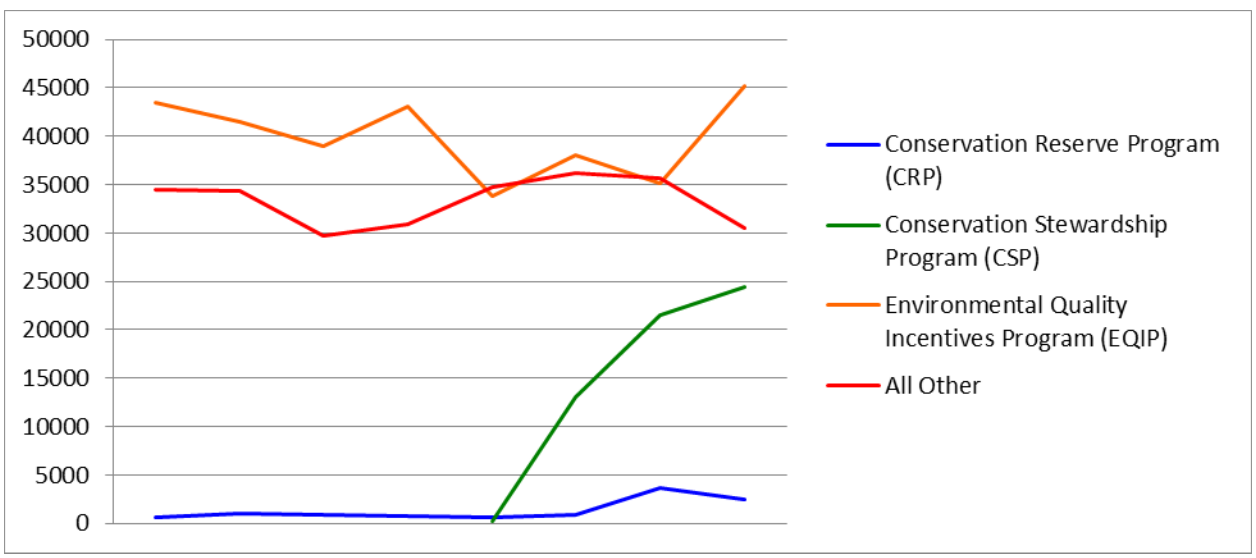

Figure 8: Total Obligations by Program, Thousands of Dollars, Colorado
Source: Natural Resources Conservation Service, 2013

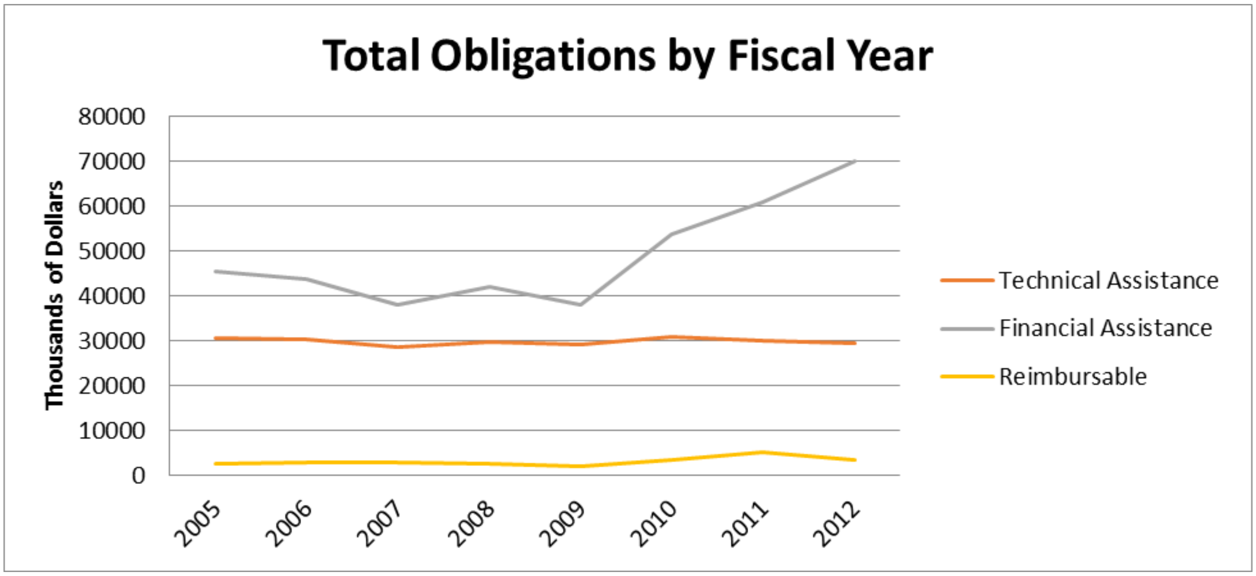

Figure 9: Total Obligations by Fiscal Year, Thousands of Dollars, Colorado
Source: Natural Resources Conservation Service, 2013

The second most prominent program in Colorado is the Environmental Quality Incentives Program, which accounts for $166 million of allocated funds. Together, CRP and EQIP account more than 95% of the conservation spending in the state (EWG, 2014). EQIP has seen a steady increase in funding from 1995 to 2009, the last year data is available. It has grown from less than $1 million in 1996 to a peak of over $27 million in 2008. After 2008 the EQIP program in Colorado saw a small decline, falling to under $24 million in 2009 (Figure 6). As a single program EQIP also represents the largest share of acres enrolled (Figure 7) and is the most leveraged program with financial obligations over fifteen times greater than CRP (Figure 8).

All other programs, which include programs managed by the Natural Resources Conservation Board that are not funded under the 2014 Farm Bill, make up a majority of the remainder of acres enrolled in conservation as well as a large portion of financial obligations in the state. The conservation program has seen a notable increase in financial obligations and acres enrolled since 2010.

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